The NATIONAL UNDERWRITER

REINSURANCE NUMBER

THURSDAY, DECEMBER 25, 1952

THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in June) by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. 56th year, No. 52, Thursday, December 25, 1952. $6.00 a year (Canada $7.00, Foreign $7.50). 25 cents per copy. Entered as second-class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 3, 1879.

WEEKLY NEWSPAPER OF INSURANCE

The NATIONAL UNDERWRITER

December 25, 1952
56th Year, No. 52

Fire Reinsurers Do Well in 1952; Competition Up

Expect Less Profit Next Year as Rates, Volume Are Squeezed

Results for the fire reinsurers this year will be about what they were for 1951. Profits are expected to be a little larger. Volume for some is about the same or a little less; for others it is up 5 to 10% and is larger for the market as a whole perhaps 5%.

Losses are expected to rise in the months ahead, with no offsetting rise in volume, perhaps a decline in premiums. After an uninterrupted series of good years, fire insurers are relaxing their underwriting to a certain extent. A spirit of take-a-chance is developing in both the reinsurance and direct field.

The good years have attracted into the fire reinsurance market facilities not active in it in past years.

• • •

Competitive practices are sharpening. Primary insurers used to negotiate their fire reinsurance contracts. Today they tend to dictate the terms.

Consequently, fire reinsurers do not look for quite as good a year in 1953 as they are just completing. There is no large source of new volume. As the premium volume levels off and the reinsurers face a big tax liability, they will fight for every dollar of premium. They will have to preserve accounts, and there will be efforts to take business away from other reinsurers.

There is only one factor that reinsurers can see now that might alter the situation substantially. If the stock market should go off sharply, the fire reinsurance market would harden again. This could happen rather quickly since the professional fire reinsurance capacity is only $150 million, in comparison with a vat of $2½ billion to $3 billion of fire insurance premiums. The reinsurance market is pretty full now, and it would take only a little spill-over from the vat to fill the reinsurance cup. A falling stock market could do it quickly.

The swelling tide of business that is going to a term pay plan, installment or annual renewal, is affecting the volume of insurers and reinsurers and may influence it even more in 1953.

• • •

Though there is said to be little or no portfolio reinsurance this year, the pay plans make such reinsurance impossible on the old basis. This is because the reinsurer cannot get what it used to get for the service unless it can share fully in the first year premium; otherwise, even if one month of the first year is gone, it has lost part of what it needs.

As to volume, the effect of business shifting to annual business at a discount, under installment or annual renewal plans, theoretically would be washed out in five years. But if the shift continues, as it may do, for several years, then it may be a good many more than five years before the effect is entirely absorbed.

In good times, and there has been a 5-year cycle of good results in fire, the primary insurer's costs go up—commissions have increased, for example, and rates have gone down.

In insurance, it is not possible "to make too much money"—either the rates are reduced or the loss ratio goes up. What insurers must avoid is for both to happen simultaneously.

Other articles in The National Underwriter's annual reinsurance review will be found on Page 25 and succeeding pages.

How will competition develop?

There are some new markets. These are the companies like North America which have been in the field long enough to make their presence felt. North America itself has been coming on strongly. In addition, however, there are other, newer ones which will add to the competitive total as time goes on, though it will take a little time. In this latter category might be counted the two new ones recently formed in New York, Transpacific and Transatlantic. The reinsurance pool operated by Excess Insurance Co. is gaining momentum in the fire field. There are quite a number of others not here 10 years ago.

Capacity of operating markets is increasing. As the unearned premium of the reinsurers levels off, they can take more business. This leveling off process already has started. All of those in the market can expand their writing at a time when new business is a little harder to acquire.

The trend toward a higher minimum commission in the sliding scale type of contract already is well under way. There is some shifting from the sliding scale to flat commission, always a higher commission. However, it is estimated that 75 to 80% of the fire contracts still are on sliding scale.

Another form competition will take, and in a few instances already has done so, is the provision of more cover by the reinsurer for the same money, and the addition of other lines for no more premium.

• • •

Since the reinsurer's rates are computed on the premiums of the primary insurer's lines being reinsured, as fire rates are lowered, the reinsurer gets somewhat less premium.

Fire rate decreases are being watched closely. Some reinsurers regard them with real concern. The incidence of state by state reductions has been considerable in the past two years and its significance may have escaped the attention of some insurance people because the reductions have not been heavily publicized nationally and have occurred at various times.

A partial list of territories where fire rate reductions have been made in the past two years are Alabama, Arkansas, California, Connecticut, District of Columbia, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Massa-

(CONTINUED ON PAGE 12)

New Department Heads in 4 States


Arch E. Northington

NASHVILLE—Arch E. Northington, 43, of the King & Northington agency, Clarksville, has been appointed Tennessee's commissioner of insurance by Gov.-Elect Frank C. Clement, effective Jan. 15. He will succeed Robert L. Taylor, Memphis, appointed by Governor Browning on the death of M. O. Allen.

Mr. Northington, a graduate of Vanderbilt University, entered the insurance business at Nashville in 1928, later moved to Clarksville, and in 1933 formed the King & Northington agency. He entered the army in 1942 and was discharged as first lieutenant in 1945, spending 20 months in Europe. He is at present chairman of the veterans employment division of the American Legion.

Very active in organization work, Mr. Northington is now vice-president of Tennessee Assn. of Insurance Agents, having formerly served as secretary. He has been particularly active in the small town and rural agents group.

—

Charles S. Jackson Named to Fill Maryland Vacancy

Charles S. Jackson has been appointed Maryland insurance commissioner to serve the remainder of the term ending in May, 1955, that was vacated by the death of Harvey M. Chesney. He was formerly vice-president and a director of Boots Aircraft Nut Corp. of Connecticut, and from 1932 to 1942 was president of Federal Land Bank of Baltimore. Prior to that he was president of Federal Intermediate Credit Bank of Baltimore, and still earlier he had been secretary and cashier of Central Bank Trust Co. of Parkersburg, W. Va., where he was born. He graduated at V.M.I. in 1904 and West Point in 1908, and remained in military service until 1919. Entering the first war he attained the rank of major in the air force.

—

R. E. Barrett to Become Illinois Insurance Director

Although the appointment has not been officially announced by Gov.-Elect Stratton of Illinois, it has now become known that the new insurance director of that state is to be Robert E. Barrett of Chicago, who is chairman of Prudence Mutual Casualty and Prudence Life of that city, and who is also of the law firm of Barrett, Barrett, Costello & Barrett.

Word had gotten around that George F. Barrett, who was attorney general under the Green administration, would have the say on the appointment of Stratton's insurance director and named in the speculation as to who this would be besides Robert Barrett were a third Barrett brother, Thomas S. Bar-

(CONTINUED ON PAGE 13)

High Officials of Phoenix of Conn. to Retire Dec. 31

Cothran, Eblen, Ashmead Among Executives Who Terminate Service Then

A number of high officials of the Phoenix-Connecticut group will retire Dec. 31 under the group's pension plan. They include Perrin C. Cothran and Roy E. Eblen, vice-presidents; John Ashmead, Percy P. Taylor and Charles H. Latham, Jr., all secretaries.

Also retiring are E. W. Creighton, general agent at Philadelphia, who is completing 50 years with the group; S. George Atkinson, superintendent of incoming mail; Raymond W. Faxon, superintendent of the reinsurance department; Thomas R. Wilcox, superintendent of the tabulating department, and a number of other veteran employes in various departments.

Mr. Cothran was a civil engineer before entering insurance work in 1910 as inspector of North Carolina Home in its home state. Later he was special agent of Connecticut Fire in the Carolinas and Virginia. After service with the army engineer corps in the first war, he went to Brazil as manager of American Foreign Insurance Assn. He joined Phoenix in 1926 as special agent in eastern Pennsylvania, southern New Jersey and Delaware, went to the home office as assistant secretary in 1928 and was elected secretary in 1929.

Mr. Eblen started with a local agency at Wellston, O.; became special agent of Fidelity-Phenix for Oklahoma and Missouri in 1908 and joined Phoenix as Missouri state agent in 1914. In 1921 he was elected president of Central States Fire, a post he still holds; became secretary of the group in 1933 and vice-president in 1939.

Mr. Ashmead for many years has been widely known in the insurance business and public service in Connecticut. He joined Phoenix in 1927 as conflagration engineer and in recent years has been in charge of advertising, publicity and public relations. He was elected assistant secretary in 1945 and secretary in 1951.

Mr. Taylor has completed more than 46 years with the company. He joined Connecticut Fire in 1906 and in 1929 was named office manager of the group. He has been secretary since 1943. Mr. Latham joined the organization in 1905 as a mail boy and advanced through all divisions.

Glens Falls Cal. Shifts

C. R. Thorpe has been appointed special agent of Glens Falls in the San Joaquin valley to succeed Jack V. Martin, who has entered the agency business at Fresno, Cal.

Mr. Thorpe has assisted Mr. Martin for three years. He is succeeded by C. T. Anderson, inland marine special agent.

Four Named In Higher Posts by Springfield

Frank W. Spalding, Jr., Robert A. Foltz and Lawrence E. Mooney have been elected resident secretaries at Chicago of Springfield F. & M. and New England Ins. Stanwood R. Searles, superintendent of the casualty claims department at the head office, has been elected an assistant secretary. Messrs. Spalding, Foltz and Mooney will be elected resident secretaries of Michigan F. & M. at the annual meeting in March.

Mr. Spalding is a fire protection engineering graduate of Illinois Tech. He was with Illinois Inspection Bureau from 1931 to 1941, and after 4½ years in the navy, he joined Springfield F. & M. in 1946 as fire prevention engineer, later becoming chief engineer. He was elected resident assistant secretary at Chicago in 1951.

Mr. Foltz graduated from the fire insurance course at Northwestern university and joined Springfield at Chicago in 1929, serving in fire, automobile, inland marine and improved risks departments. He became special agent in Oklahoma in 1938, and in 1950 was named head of the inland marine department at Chicago.

Mr. Mooney joined the group in 1928 at Chicago and had training in general fire underwriting and the sub-agency departments. He was named special agent in Oklahoma in 1935, and later traveled Missouri. He was called to Chicago in 1952 in an underwriting supervisory capacity.

Mr. Searles graduated from the University of Maine and attended Suffolk law school. After 14 years in the casualty business as an adjuster, supervisor and home office examiner, he joined New England Casualty in 1950 as superintendent of the casualty claims department.

Empiro Home Owners Forms Approved for Ill.; Output Policy Wins OK in Ohio

Ohio has approved the manufacturers output filing of Multiple Peril Insurance Rating Org. The one difference in that state is that the policy contains an endorsement excluding steam boiler, since the state does not have a multiple line law.

The homeowners A and B policies of Empiro have been authorized in Illinois, effective Jan. 1. Rates have not yet been announced.

A and B policies have been accepted for use on FHA insured and VA guaranteed home loans.

Make Plans for Rocky Mountain Meeting Apr. 16-18

Plans for the Rocky Mountain Territorial Conference at Broadmoor hotel, Colorado Springs, April 16-18 were discussed by the officers at a meeting at Denver. There will be meetings of the resolutions and nominating committees the evening of April 16. The next morning there will be a meeting followed by a luncheon with speakers and and then the afternoon will be devoted to discussion of automobile insurance, safety and education. On April 18, there will be a general business session to hear reports from the contact, resolutions and nominating committees and following a luncheon there will be a panel on business interruption. There will be a banquet that evening with a speaker. Howell Earnest of Santa Fe is convention chairman; E. G. Jackson of Laramie is first vice-chairman; George Thatcher of Colorado Springs, second vice-chairman in in charge of hotel and ladies' activities, arrangements and entertainment. Don L. Nabity of Denver is secretary and assistant to Mr. Thatcher. L. Allen Beck of Denver is chairman of speaker arrangements and L. L. Schwingel of Albuquerque, secretary of New Mexico agents, and H. J. Clare, Jr., secretary of the Wyoming association, will share publicity responsibilities with Mr. Nabity.

Scott, Williams Are Veeped at N.B.&M.

Gilbert L. Scott and Charles J. Williams have been elected vice-presidents of Pennsylvania Fire, Mercantile, Commonwealth and Homeland of the North British group. They continue also as secretaries of North British & Mercantile.

Mr. Williams sometime next year wil establish a southern department branch office at Atlanta, moving the department from New York as soon as the new building under lease is ready. He started with N.B.&M. in 1927 as state agent in southern Texas, and eight years later was made Texas state agent, and in 1942 was appointed manager of the Texas department. Since 1947, he has been in full charge of the southern department with the title of secretary. He started with the Texas fire insurance department and was with G.A.B. before joining N.B.&M.

Mr. Scott has been in overall charge for many years of the loss department. He started in 1911 and was named general adjuster in 1938 and secretary and general adjuster in 1942. He was president of Loss Executives Assn. in 1941 and is now a member of the National Board's committee on adjustments, is vice-chairman of the committee on losses and adjustments of New York Board, and is a director of Underwriters Adjusting.

Walker Made State Agent

James Walker, special agent in southeastern Massachusetts and Rhode Island for Field & Cowles, New England manager of Royal and Newark, will become state agent Jan. 1. David D. Mackintosh will succeed him in his former field. Before recent navy service he was special agent of Field & Cowles for Connecticut and western Massachusetts.

Sokol Chicago Aetna Head

Sauter Retires from Company Post and Goes to Agent Desk

Aetna Fire announces the appointment of Charles D. Sokol as Cook county manager, effective Jan. 1, succeeding Fred J. Sauter who is retiring.

Fred J. Sauter

Mr. Sokol joined the western department of Aetna in 1929. After several years in the underwriting department he was transferred to Ohio as special agent. In 1947 he returned to Chicago as general agent and was appointed an assistant manager in 1949.

Mr. Sauter will be associated with the Sauter General Agency which represents Aetna.

Mr. Sauter has been confined to his home by illness for the past two weeks. He has had a commanding place in the Chicago insurance scene for many years and he has had eminence nationally as president and chairman of the governing committee of National Automobile Theft Bureau. As a matter of fact he is credited with having been the originator of that organization and his place in that story was told in an article in the Saturday Evening Post a few years ago. It was in 1912 when Mr. Sauter was representing Boston Ins. Co., at Chicago that he conceived the idea of insurers cooperating in the bulletining of stolen cars and in short order Automobile Protective & Information Bureau was created. This eventuated in N. A. T. B.

• • •

Mr. Sauter started as an office boy about 1898 in the local agency of E. R. Wetmore. Later he became special agent for Boston Ins. Co. and in 1913 he organized his own local agency which was appointed Cook county manager of Boston and also of New Hampshire. He became Cook county manager for Aetna as well in 1924. The Sauter agency is still manager of New Hampshire Fire.

Mr. Sauter is a former president of Chicago Board and he was head of the patrol committee of the board. His radiant personality has long had a prominent influence on insurance doings in Chicago. His son, Fred D. Sauter, is with the Sauter agency and another son, A. C. Sauter, travels for N. A. T. B. in Wisconsin and Illinois.

S. C. Ins. Co. Names Ky. and Coast General Agents

South Carolina Ins. Co., through its managers, Seibels, Bruce & Co., has appointed R. Spence Porter of Lexington as general agent for Kentucky. Mr. Porter recently organized his general agency following 22 years with the America Fore group. Prior to that he was a local agent in Kentucky.

Balfour, Guthrie & Co., of San Francisco has been appointed general agent for Washington, Oregon and California.

Seibels, Bruce & Co. serves as general agents in the southeast and as nationwide reinsurance managers for South Carolina.

RECORD NOTEWORTHY

Krier Returns to U.S.F.&G. from Wis. Agents Group Post

MILWAUKEE—Urban Krier, executive secretary of the Wisconsin Assn. of Insurance Agents for the last eight years, has resigned effective April 1, when he becomes assistant manager at Milwaukee for U. S. F.&G., with which he was associated for 16 years before taking the state association post. During his years in office, the state group has grown from 176 agency members to 1,386; from 10 affiliated local boards to 31, and is now the sixth largest in the N.A.I.A. Don R. Morrissey, Appleton, is now state president.

Urban Krier

As legislative counsel for the state association. Mr. Krier was successful in securing the passage of a license law for property writing agents. He has served as chairman of the Wisconsin Conference of Association Executives, and is currently chairman of the full time executive secretaries and managers of the various state agents' associations.

Upon graduating from Marquette University, college of law, Mr. Krier became a claim adjuster for Globe Indemnity. In 1929 he joined U.S.F.&G. as claims adjuster, and after seven years became district supervisor in the agency department. He resigned to become executive secretary of the Wisconsin agents March 1, 1945.

Leslie Names Advisory Examinations Committee

Commissioner Leslie of Pennsylvania has announced new appointments to the all-industry examinations committee, to consult with the department on examinations for licensing of agents and brokers.

Representing stock fire agents are W. Howard Stewart, chairman, Clearfield, and Franklin W. Wood, Harrisburg; mutual casualty companies, Edwin S. Warfield, Harrisburg, and Thomas J. Andress, Harleysville; stock fire companies, David P. Ralston, Mechanicsburg, T. F. Dougherty, Wilkes Barre, and H. W. Peterson, Wilkes Barre; mutual casualty agents, H. Clay Johnston, Philadelphia, and Wilson Flock, Kingston; mutual fire companies, Roy R. Allsopp, Fayetteville, and R. E. Hewett, Camp Hill; mutual fire agents, Franklin H. Shuman, Meadville, and Bird Sumner, Athens; stock casualty companies, Everett H. Waterhouse, Pittsburgh, and C. R. Willis, Harrisburg; stock casualty agents, A. S. Feinerman, and Charles G. Fickes, Jr., both of Harrisburg.

Watson N. J. Speaker

Leon A. Watson, manager Fire Insurance Rating Org. of New Jersey, will speak at the luncheon at Newark of New Jersey Insurance Fieldmen's Assn. Dec. 22.

Joe Fitzpatrick has purchased the interests of Ed and Doug White in the Coast Ins. Co., North Bend, Ore.

Ill. Rate Reductions Effective Jan. 5 to Cost Million

Fire insurance rate changes, mainly reductions, are to become effective Jan. 5 through both Illinois Inspection Bureau and Cook County Inspection Bureau territories. These are roughly estimated to develop premium reductions of something under $1 million with an estimated $400,000 of that in Cook county.

There is a reduction in the rates on all dwellings in the 28 southern Illinois counties of 2 cents. In northern Illinois there is a 2 cent reduction applicable to dwellings only in 9th and 10th class towns. As an example of the effect here, the present rate on a frame building in a 9th class town is 38 cents.

Then there is a reduction in the farm personal property schedule and the rate changes vary as among the southern, central and northern sections of the state. In the southern part of the state there is a reduction in rates on frame mercantiles. In 1947, a 10% increase was put into effect on such and this has now been removed.

Also rule book corrections are being made effective Jan. 5 and these correspond to those that are being introduced in other western states and that have been publicized.

In Cook county there is a decrease estimated at 9% on the contents rate on most classes in store-dwellings. There is an estimated 10% reduction on public buildings such as hospitals, sanatoriums, etc. This is applicable to all classes of construction. Then there is a reduction also of an estimated 10% on fireproof churches and schools and there is an increase in rate on lumber yards.

N. C. Bank Launches New Auto PH.D. Insurer

RALEIGH, N. C.—Wachovia Bank & Trust Company has entered the insurance field with the organization of New South Insurance Company, with headquarters in Winston-Salem, to issue auto physical damage coverage in connection with auto loans handled by the bank.

New South has received its charter but has not yet obtained its license to enter business. It has an authorized capital of $1,000,000, with 2,000 shares of $100 par value subscribed. Of this, 1,991 shares were subscribed by the bank as trustee for its pension plans.

Incorporators include Robert M. Hanes, president of Wachovia, and R. G. Stockton, chairman of the bank's board of directors. Others are Thomas Barber, Charles E. Norfleet, Robert F. Goodwin, Edward M. Marsh, Frank J. Wolfe, B. S. Womble, Carlisle A. Bethel, and T. L. Williams, all of Winston-Salem.

Brokers Joint Council Elects

Brokers Assn. Joint Council, New York, has elected Fred Ritti of Queens Agents & Brokers Assn. chairman; Samuel Oberman of General Insurance Brokers Assn. of New York, vice-chairman; George J. Mutari, Brooklyn Insurance Brokers Assn., secretary, and John E. Brenna, Queens association, treasurer. United Insurance Brokers Assn. has joined the council.

Clevelanders Fete "Doc" Shaw on 50 Years with Ohio Bureau

CLEVELAND—In recognition of 50 years of service with Ohio Inspection Bureau, Joseph Monroe Shaw, superintendent of the Cleveland office, was tendered a testimonial luncheon by Insurance Board of Cleveland Monday.

Mr. Shaw, known to all as "Doc", started with the Cincinnati office of the bureau in 1902 after his graduation from high school. For 30 years he has been with the Cleveland office.

In behalf of his many insurance friends Mr. Shaw received a testimonial parchment presented by Chauncey O. Ransom, past president of the Insurance Board, and a television console presented by John W. Frazier, vice-president of the board.

Charles A. Collier, a past president of the board, was honorary chairman of the committee on arrangements. Charles F. Stewart, president of the board, was master of ceremonies.

Informal talks were made by Bert O. Evans, Ohio manager of Glens Falls; Robert O. Young, Cleveland manager of North America.; Clifford B. Dye of Brooks & Stafford Co.; O. Frank Gibbs, state agent of Atlas; Philip S. Beebe, assistant western manager of Hartford Fire; Harry Grider, retired western manager of Factory Insurance Assn. and Roy E. Julian, Columbus manager of Ohio Inspection Bureau.

Four Superintendents Named by A.F.I.A.

American Foreign Insurance Assn. has named E. B. Reid, A. I. Terhune and C. S. Tucker as superintendents, and R. L. Henshaw as marine superintendent.

Mr. Reid joined A.F.I.A. in 1949 in the marine department after having been with London & Lancashire at London, London Assurance in England, and W. H. McGee & Co. at New York. Mr. Terhune has been with A.F.I.A. since 1926 when he started in the fire underwriting department. Before that he had been with bureau of information of the Eastern Railways and with Appleton & Cox.

Mr. Tucker graduated from North Carolina State College and joined A.F.I.A. in 1928. He was assigned to Brazil in 1932 and later supervised Argentina, Uruguay and Paraguay, returning to the head office in 1951.

Mr. Henshaw attended Alfred University in New York, and joined A.F.I.A. in 1940.

Sparks Club Elects Andress, Changes By-Laws

At its annual meeting at Harrisburg, Pa., Sparks Club, mutual field group, elected Thomas J. Andress, agency manager of Harleysville Mutual Casualty, president; C. Duke Mc Dougall, Washington County Fire, vice-president; Henry W. Graybill, Jr., Pennsylvania Mutual Inspection Bureau, secretary, and Jesse W. Pearson, Penn Mutual Fire, treasurer.

The by-laws were revised to fit more appropriately a larger organization. Major change was creation of a board of directors, which replaces the former executive committee, which was appointed. The board now is the governing body of the club with the president as chairman. New directors, elected to serve staggered terms, are Wilfrid L. Coates, Jr., secretary Ne Castle Mutual; John C. Beck, Mutu of Berks County; W. J. Rifenbar Washington County Fire; Robb B. Ke ley, Employers Mutual Casualty; Fred erick A. Hoffman, vice-president Che ter County Mutual, and M. J. McAu liffe, Donegal Mutual.

First "man of the year" award wer to two men, Mr. Coates and Mr. Beck Mr. Coates was recognized for his wor with the club's minstrel show. Mr Beck was recognized for his work wi the show and his historical and pic torial record of the organization sinc it was formed.

250 at Adjusters Party

Some 250 members and guests at tended the Christmas party of Adjus ers Assn. of Chicago, one of the be turnouts ever.

The new short form proof of lo will be discussed at the January mee ing, with A. Ben Jones, manager Coo County Loss Adjustment Bureau, speaker.

. H. Germain Given Higher Post by F. I. A.

Factory Insurance Association has ppointed J. H. Germain, manager of he eastern regional office at Hartford, o assistant general manager. He will ontinue as manager of the eastern egional office.

Following his graduation from Worester Tech, Mr. Germain joined F.I.A. s an inspector in 1929, advanced to pecial agent and, in 1939, became ield manager at Philadelphia. He beame manager of the New York office year later and went to Hartford as ssistant manager of the eastern regional office in 1945. Since 1948, he as been eastern manager.

Meeker-Magner Party Marks 50th Year

There were 200 persons present at he party held by Meeker-Magner Co., hicago general agency, marking its 0th anniversary.

Meeker-Magner has represented eneral Accident since its founding, nd for some years has been the largst general agency representing that ompany.

John A. Blume has been promoted o assistant to the vice-president of eeker-Magner. Mr. Blume has been ssistant manager of the compensation nd public liability departments. He ecently celebrated his 25th year with he organization.

uggest Bonding "Device" or FHA-VA Construction

A demand that contractors building rivate dwellings for home purchasers sing FHA or VA loans be bonded gainst "serious deficiencies" was ade by a house subcommittee invesigating operations of FHA and VA. he committee recommended a shift emphasis from speed in construcon toward improvement of the prodt, and recommended that FHA and A make a study "to determine the asibility of a bonding device or esow device or government insurance evice which will provide protection to ome purchasers against defects not rrected by builders who have dislved their corporations or have beme insolvent."

The committee advised FHA and VA to shut off future insurance commitments to builders who "hide behind dissolved corporations."

Howard to Retire as Secretary of Northern Assurance

Frank G. Howard, secretary of Northern Assurance, will retire at his own request for reasons of health.

Frank G. Howard

Mr. Howard has been with the Northern for 42 years except for service in the first World War. He has been in charge of the sprinklered risk department and while specializing on the underwriting of sprinklered business, street railway, electric light and power properties, had also a practical working knowledge of chemical hazards and is an expert on other coverages, particularly use and occupancy.

He has written a number of treatise and has given many talks on this latter form of coverage. After a much needed rest he plans to resume his writing on insurance subjects and is preparing a text book on U. and O. for early publication.

C.P.C.U. in N. J. Elects

Ira F. Weisbart is the new president of New Jersey C.P.C.U. chapter. In the insurance business for 15 years, he is the first person in his state to hold both the C.L.U. and C.P.C.U. designations.

Elected vice-presidents were Frederick S. Applegate of Thomas Merrill & Co., Newark, and Edwin C. Burke of Automobile. Wilbur A. Stevens, Hartford Accident, is secretary, and Walter B. Mintz, Mintz & Co., treasurer.

Kenneth Hoag, Columbus, O., local agent and formerly state agent of Fireman's Fund, has resigned as director of the city-county civil defense organization, due to the press of his insurance business.

National Fire Promotes Martin

William F. Martin, superintendent of the fire underwriting department in the western department of National Fire, is being promoted to agency superintendent Jan. 1.

Mr. Martin joined National in 1917 as assistant examiner in the fire underwriting department at Chicago, and in 1920 was transferred to the farm department as examiner and first assistant. In 1936 he was made examiner for Indiana, Iowa, and Minnesota, and in 1951 he was promoted to superintendent of the farm and hail department. He was appointed superintendent of the fire underwriting department in July, 1952.

Home Has Marine Changes in Texas

Home has made a number of changes in its marine operations in Texas.

Jack W. Tinnin, special agent, has been promoted to marine supervisor and will supervise production activities in the north, east and west Texas field. He will be assisted by James M. Faulkner, Jr., special agent, who will continue his headquarters at Dallas.

William H. Duckworth, marine supervisor at Oklahoma City, has been transferred to Dallas to supervise accounting and underwriting procedures and assist in production. He had been at Houston until 1948 when he was transferred to Oklahoma City.

Robert E. Blacklock, marine supervisor, and Leland K. Merwin, special agent, will continue at Houston while Douglas W. Ford, special agent, will have headquarters at San Antonio. Home's entire marine operation in Texas will remain under the direct supervision of Walter E. Tesch, manager, at Houston.

Says Pyromania on Rise

The menace of pyromania is on the rise, A. E. Hotchner warns in the January Reader's Digest. He cites the report of Drs. Nolan D. C. Lewis and Helen Yarnell to National Board, that firebugs need to be treated in a hospital devoted exclusively to pyromania and similar types of psychopathology.

List of Insurer "Ads" in January Publications

Following is the national advertising which fire and casualty companies have reported will be published in January issues of the publications listed. Where no date is indicated the publication is a monthly magazine.

American Mutual Liability—Business Week, Jan. 31; Harvard Business Review; Newsweek; Time; U. S. Investor, Jan. 24.

Great American—Saturday Evening Post, Jan. 17.

Hartford Accident—Banking; Engineering News Record, Jan. 15; Case & Comment; Nation's Business.

Hartford Fire—Busness Week, Jan. 17; Construction Methods; Life, Jan. 26; Newsweek, Jan. 19; Pathfinder; Saturday Evening Post, Jan. 17; Time, Jan. 12.

• • •

Home—Business Week, Jan. 17; Nation's Business; Newsweek, Jan. 19; Pathfinder, Jan. 21; Time, Jan. 12; U. S. News & World Report, Jan. 30.

National Board—Better Homes & Gardens; Collier's, Jan. 31; Editor & Publisher, Jan. 10; Look, Jan. 27; National Publisher; Pathfinder, Jan. 21; Publisher's Auxiliary, Jan. 17; Saturday Evening Post, Jan. 31; This Week, Jan. 25.

Phoenix of Connecticut group—Nation's Business; Pathfinder, Jan. 15.

State Farm Mutual Automobile—California Farmer, Jan. 24; Collier's, Jan. 3, 31; Pathfinder, Jan. 21.

Seattle Plans Perfected

The new office of Chubb & Son at Seattle is to be located at 618 Second avenue. John M. Tucker, the manager, has been with Chubb & Son as an underwriter since the formation of the Pacific department at San Francisco. Associated with him at Seattle will be William S. Bucknall, who has been with Chubb & Son since 1947, and most recently has been at Chicago.

A. T. Herkness Retires

A. T. Herkness, Philadelphia manager of Pearl since 1949 and with the company since 1935, will retire Dec. 31.

He will be succeeded by E. Roy Frey, now assistant manager.

Nearly $2 Million in Tax Refund for U.S.F. & G.

U. S. F. & G. has received a refund of $1,961,032, with interest of $645,908, on income and excess profit taxes involving the years 1943-6.

It was stated that the refund was pursuant to a settlement between the company and the federal tax authorities which was approved by bureau of internal revenue and the joint committee of the House and Senate on internal revenue taxation.

Leaves New Zealand Post

Paul S. Tennant, who has been claims superintendent in the U. S. head office of New Zealand at San Francisco has resigned to join Morrell P. Totten & Co., adjusting firm, as manager for California. Before joining New Zealand in 1951, he was for a number of years assistant claims manager in the Pacific department of Royal-Liverpool. He served as secretary of Casualty & Surety Claims Assn. of San Francisco.

No. Cal. C.P.C.U. Elects

John P. Holland, Jr., of Withoft & Farley, Oakland agency, has been elected president of the Northern California C.P.C.U. chapter. Stanley J. Higgins, Jr., is the new vice-president; John V. Beahrs, Home, secretary, and Cecil J. O'Donnell, Phoenix-Connecticut, is treasurer.

Boost Preferred's Capital

Preferred of Grand Rapids has increased its authorized capital from $350,000 to $400,000 by declaring a stock dividend of one share for each seven now held.

Wallace B. Allen Featured

Wallace B. Allen, chief of the auditing department of Ohio Inspection Bureau, was featured in a panel discussion on fire underwriting practices sponsored by Cincinnati Fire Underwriters Assn. He discussed calculators, coinsurance tables and rate computers, and discussed the difference between specific and blanket rules, and the writing of scheduled forms including substitution of schedules. H. P. Sweeney, vice-president of the association, presided, and Paul Thompson introduced Mr. Allen.

Confer on Extending Cal. Broad Dwelling Form to Other Far Western States

The executive committee of the Far West Agents Conference, comprising the national directors of each state association, will meet at San Francisco Jan. 15 for conferences with fire company executives on the extension of the new California broad dwelling form policy to other states in the west. According to Frank P. Middleton of Phoenix, Ariz., chairman of the conference, an attempt is being made also to hold a session with representatives of independent casualty companies to discuss the automobile problem.

The primary objective of the gathering is to set up an agenda for the annual meeting of the Far West Agents Conference at San Francisco in April.

Norbrit Guards Meet

Members of "Norbrit Guards," the 25-year service association of North British, held their annual meeting recently and reelected W. Russell Haviland as president. All the other officers were reelected, and George C. de Gruchy and Charles Fenter were elected to the executive committee. The main part of the meeting was at New York, but similar dinners were held simultaneously at Boston, Detroit, Chicago and San Francisco for members in those localities. The total membership nationally is 233, made up of 188 active and 45 honorary members.

New Jersey CPCU Elects

The New Jersey chapter of C.P.C.U. has elected Ira F. Weisbart, local agent of Jersey City, president; Frederick F. Applegate, Thoms, Merrill & Co. agency, Newark, and Edwin C. Burke of Automobile, Newark, vice-presidents; Wilbur A. Stevens, claims attorney of Hartford Accident, Newark, secretary, and Walter B. Mintz, Kearny, N. J. local agent, treasurer. Mr. Weisbart was the first in New Jersey to earn both the C.L.U. and C.P.C.U. designations.

Ala. Auto Rates Reduced

Premium revenue in Alabama, it is estimated will be decreased about 6% as a result of the rate revisions for commercial cars under the N.A.U.A. filing that was approved effective Dec. 15. Fire rates have been reduced on local haul vehicles so as to produce a decrease of 13% of premiums for comprehensive and other coverages embracing the fire peril. Collision premiums on this classification have been reduced for the $50 deductible and increased for the higher deductibles and the average effect is a reduction of 5% of premium revenue. There is a slight reduction on long distance hauling fire rates but no change on intermediate hauling. There are increased collision rates on truck-type tractors and on the higher valued commercial vehicles of all kinds.

North British Employes Celebrate

The Employes' Club of North British group held its Christmas party Dec. 19 in the Hotel Statler, New York. The affair was well attended by home office and ocean marine department personnel. Along with officers and department heads, W. L. Nolen, United States manager, attended and extended greetings to all on behalf of the management and himself.

Want Surety Bond Powers

Stockholders of Providence Washington at the annual meeting Jan. 27 will be asked to instruct the directors to get a charter amendment that provides specifically for the writing of surety bonds.

Set Dates, Hotels for N. A. I. C. Fla. Roundup

Plans have now been completed for the 1953 winter meeting of National Assn. of Insurance Commissioners at Miami Beach, according to J. Edwin Larson, Florida commissioner. The meeting will get under way Nov. 30 and run through Friday, Dec. 4. The headquarters hotels will be the Sans Souci, Sea Isle, Saxony and other adjacent hotels.

R. I. Bushnell to Direct New Insurer in N. C.

Irving F. Hall, president of State Capital Life of Raleigh, N. C., announces that Robert I. Bushnell will direct and manage the operations of the newly organized multiple line affiliated State Capital Ins. Co.

Mr. Bushnell is a graduate of Northwestern University. He started with Johnson & Higgins, followed by casualty and fire underwriting, inspection, business development, financial and executive capacities with the Kemper group at Chicago and New York, including Lumbermens Mutual Casualty and National Retailers Mutual. For the past six years he has been vice-president of Holyoke Mutual Fire of Salem, Mass. His father, A. I .Bushnell, is retired treasurer of Millers National.

Stockholders of Boston Approve Stock Split

Stockholders of the Boston have approved a 2-for-1 split of its stock from 500,000 shares of $10 par into 1 million shares of $5 par.

Directors declared an initial quarterly dividend of 35 cents on the new stock, payable Jan. 2 to holders of record Dec. 10. This is equivalent to 70 cents on the old stock, quarterly dividends on which have been 65 cents.

Directors of Old Colony declared a quarterly dividend of 50 cents, payable Jan. 2 to stock of record Dec. 19, and an extra of 50 cents, payable Dec. 22 to stock of record Dec. 12.

Meister Named Treasurer

American Universal has elected Joseph C. Meister a director and treasurer. He had been assistant treasurer.

Mr. Meister is also treasurer of Newfoundland American, a subsidiary of American Universal.

He joined the companies three years ago after having been examiner in the Rhode Island department for many years, and previously in the credit department of Chase National Bank, New York.

Ford, Baker Advanced

Pennsylvania Lumbermens Mutual has named John J. Ford secretary. He has been assistant secretary and assistant manager and will continue in the latter post. He has been with the company since 1932, starting as an office boy.

Roy W. Baker, assistant treasurer and loss manager, has been given the additional title of assistant vice-president. He started in the accounting department in 1921 and was transferred to the loss department seven years ago.

Coast Construction Bonds

The city of Phoenix, Ariz., has awarded a contract to Fisher Contracting Co. of Phoenix, for construction of water distribution lines at $2,457,020. Fidelity & Deposit will execute the bonds.

J. A. McNeal & Co., Alhambra, Cal., has been awarded the contract at $1,448,000 for the Freeman Memorial Hospital at Inglewood, Cal. St. Paul-Mercury Indemnity is on the bond.

The California highway department has awarded a contract for construction of 2.1 miles of the Santa Ana freeway to Ukropina, Polich & Kral Co., at $2,476,702. Maryland Casualty will execute the bond.

Carroll Named Canadian Assistant of National Fire

Frederic C. Carroll, assistant secretary, has been named assistant manager of the Canadian department of National Fire group and will be transferred from the home office at Hartford to the Canadian department office at Montreal in January.

Mr. Caroll graduated from Yale in 1936 and joined National Fire at the home office. From 1937 to 1942, he served at Philadelphia and Pittsburgh as special agent. After service in the army, he rejoined National in 1946 as state agent at Pittsburgh. He was transferred to West Virginia as state agent in 1947, and in 1950 went to Hartford as general agent. He became assistant secretary in 1951.

Miller, Navin in Great American Mich. Changes

Great American is making a division in the Michigan field and has named William L. Miller special agent in the newly created Upper Peninsula territory with headquarters at Marquette. William J. Navin, who has traveled northern Michigan and the Upper Peninsula, will now travel an enlarged territory in lower Michigan.

Mr. Miller, after training in the western department at Chicago, was assigned to Grand Rapids, where he has been for four years.

Markel Raps R. R. Chief

The president of New York Central Railroad was accused of using the Commerce & Industry Assn. of New York as a cover-up for the unsportsmanlike and unfair campaign being waged against the nation's motor carriers by the railroad industry, in a letter to the association from Samuel A. Markel, chairman of American Fidelity & Casualty. William White, New York Central president and chairman of the Eastern Railroad Presidents Conference, recently spoke before the association and Mr. Markel, whose company is the largest insurer of trucks and buses, was asked by the association for his comments.

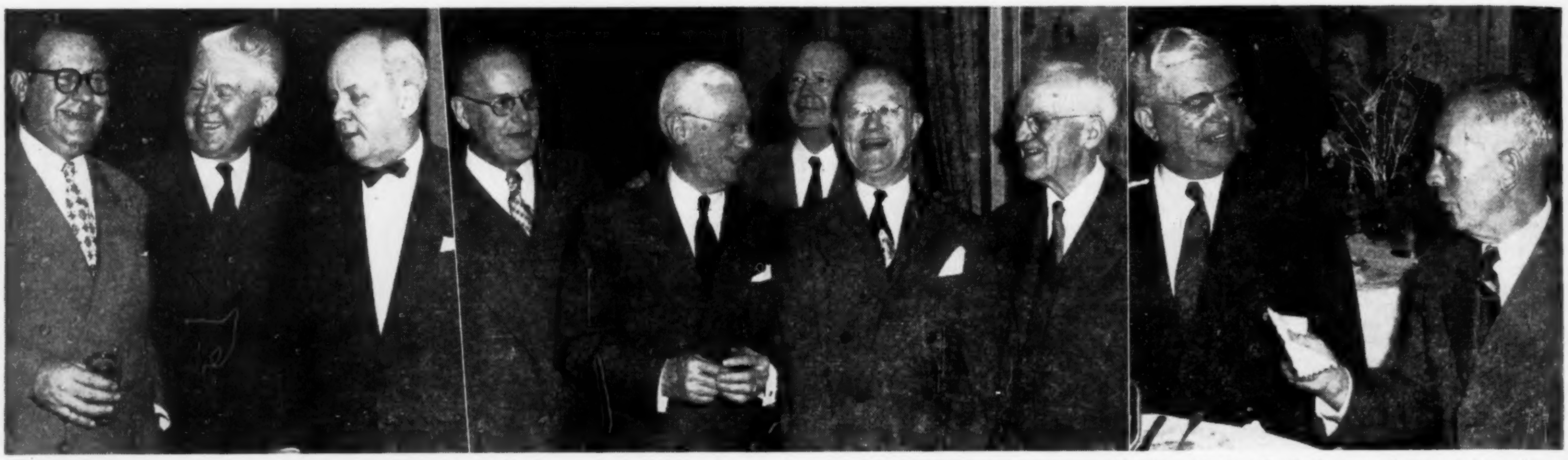
Appleton Agents Elect

Appleton (Wis.) Assn. of Insurance Agents honored one of its members, Donald Morrissey, who has been elected president of the Wisconsin association. The Appleton agents elected Daniel Steinberg, Jr., president; H. P. Weiland, vice-president; Charles Hueseman, secretary; Mr. Morrissey, director.

G. & R. Names Kenney

Richard P. Kenney has been named special agent of Globe & Rutgers and State of Pennsylvania at Boston. He is a graduate of Holy Cross and has been with another group there.

Loss Executives Association Honors Retiring Leaders



Loss Executives Assn. at a dinner at New York City honored four members who are retiring from their companies, they being J. C. Loose of Great American; Vernon Hall of America Fore; Malcolm Wight of Hartford Fire, and Andrew Twaddle of London & Lancashire. The retiring men were presented gifts. R. C. Williams of Hanover was emcee.

In the picture from the left are shown; R. C. Williams; Bert Gracie of Hartford Fire, and Donald B. Sherwood of National Board; Mr. Loose, Mr. Hall; Ward Cunningham of Chubb & Son, president of the association; Mr. Wight and Mr. Twaddle; Gilbert Scott of North British and William Hill of General Adjustment Bureau.

Tharp Advanced to Controller of Fireman's Fund

Richard F. Tharp has been appointed controller of Fireman's Fund group. He will succeed to the responsibilities now held by Edward V. Mills, vice-president and controller. Mr. Mills as vice-president will continue in an advisory capacity until February, 1954, when he will retire from active service under the company's retirement program.

Mr. Tharp joined Fireman's Fund in 1950 as general auditor. He was formerly with John F. Forbes & Co., certified public accountants. During the war, he served in the Pacific.

Mr. Mills started his insurance career in San Francisco in 1911. He held various executive positions in New York and Philadelphia and joined Fireman's Fund as secretary of the indemnity company in 1930. In 1931, he was elected secretary and treasurer of all companies. He was advanced to controller in 1938 and to controller-treasurer in 1944. In 1947, he was made vice-president and controller. The following year he became a director of Fireman's Fund Indemnity, Home F.&M. and Western National.

McMillan Retires, North British Group Names Baker as Successor

R. D. McMillan is retiring Dec. 31 as secretary of the improved risks department of North British group. He will be succeeded by M. B. Baker.

Mr. McMillan has been with the improved risks department of North British since 1921, beginning as engineer and inspector. He was made assistant general agent in 1927, and two years later became general agent. Since 1936 he has been in charge of improved risk operations as secretary.

Mr. Baker graduated from Ohio State University and was in the navy for a time. He joined Ohio Inspection Bureau, and in 1947 went with North British as state agent at Cleveland. A year later he went to New York as automatic sprinkler and chemical engineer in the improved risks department, and as assistant to Mr. McMillan.

New Phoenix Assistant Manager at New York

Arthur K. Hicock, agency superintendent, is being made assistant manager of the New York metropolitan office of Phoenix-Connecticut group. He joined the group in 1928 and transferred to New York on the opening of the metropolitan office in 1940, where he became chief underwriter in 1947 and agency superintendent in 1951.

John G. MacDonald, now general agent, also becomes assistant manager. Mr. MacDonald joined the company in 1951 after a broad experience in insurance with Automobile, National Fire, and Marsh & McLennan. Recently, Mr. MacDonald was elected from his home borough of Richmond to be state senator, his term starting in January.

Dearborn Agents Elect

Jack Lanfear has been elected president of the Dearborn (Mich.) Assn. of of Insurance Agents, succeeding D. W. Hollibaugh. A. N. Cales is the new vice-president and Robert Lapham was reelected secretary.

$ Million Cut Proposed for N. C. Fire Rates

RALEIGH, N. C.—Reductions in fire insurance rates estimated at $950,-121 annually, and increases estimated at $2,721 annually, have been proposed by North Carolina Fire Rating Bureau. Commissioner Cheek has set a public hearing for Jan. 27 in his office.

In his announcement of the hearing, the commissioner said he was disturbed because the filing also contemplates an extension of the term rule to additional property classes. "This," he said, "is going in the opposite direction from that which I had hoped they would take in light of this department's decision of March 17, 1950. The discounts allowed on term policies have never been justified and they should be justified before being extended to cover any more properties."

The bureau is recommending no change in extended coverage rates, but Mr. Cheek said he will consider EC at the same time the new filing is heard. Proposed fire reductions range from 4.35% on protected residential buildings to 25% on brick and fire protected and AAA builder's risks. Reductions are proposed also for merchantile buildings, office and bank buildings, hotels, hospitals, garages and filling stations, educational buildings, tobacco buildings, bakeries, laundries and dry cleaners, and non-manufacturing. The increases proposed are 22.2% on protected fish products buildings and 20% on unprotected buildings of the same class. A 14.29% reduction is proposed on protected mercantile buildings, one of the largest classifications.

Special Risk Division for Moore, Case Agency

Moore, Case, Lyman & Hubbard, Chicago is expanding its A. & H. department to include a special risk division in charge of Herbert B. Berdan, formerly Chicago manager of the national enrollment department of Blue Cross.

The new division will provide special accident coverage for participants in athletic events and student intramural activities sponsored by schools, colleges, churches, summer camps and athletic associations.

It will be operated jointly in the Chicago area with Higham, Neilson, Whitridge & Reid, Philadelphia, which has negotiated special contracts with key insurers and has a nation-wide special risk service organization.

Thomson Retires; Three Hartford Officials Advanced

James L. Thomson, vice-president and chairman of the finance committee of Hartford Fire and Hartford Accident, is retiring Dec. 31. He will continue as a director and member of the finance committee, serving as honorary chairman.

William A. Forrester, Jr., financial vice-president since 1948, and Barnard Flaxman, with the companies since 1924 and assistant vice-president since 1948, have been elected vice-presidents of both companies. Francis T. Fenn., Jr., with Hartford Fire since 1934 and secretary-treasurer of both companies since 1948, becomes vice-president and secretary and Arthur W. Gregory, secretary of the two companies since 1951, assistant vice-president.

Cinti. Salutes Sextet

Cincinnati Fire Underwriters Assn. honored six personages that are in the public eye and that have made specific contributions to the local board, at the December luncheon meeting.

Those saluted were Barney J. Houston, chief of the Cincinnati fire department; E. Leo Koester, public relations director of Cincinnati Chamber of Commerce, Kenneth Miller, executive director of Greater Cincinnati Safety Council; James C. O'Connor, executive editor of the "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER, and H. Chris Williams, manager Cincinnati Salvage Corps. T. M. Gray, secretary of Ohio Assn. of Insurance Agents, was also listed among the guests but was unable to attend.

Introducing the guests, in the order given, were J. A. Haas, T. T. Bryant, West Shell, G. B. Wilson and Theodore Safford.

W. A. Earls, past-president, talked about his recent trip to Ireland and T. W. Earls gave his final report as a district trustee of the state association.

Crawford & Co., independent adjusting firm, has opened a branch office at Shreveport, La., in the Shelby building with Arthur R. Edmonds in charge.

Fire Reinsurers Do Well in 1952; Competition Up

(CONTINUED FROM PAGE 1)

chusetts, Missouri, New Hampshire, New Mexico, New York, North Carolina, Ohio, Rhode Island, Tennessee, Texas, Virginia, and Wyoming.

Reciprocity already is becoming a strong competitive method. Primary insurers are trading insurance. Here the reinsurers believe that the primary writers will eventually run into the same situation they did a few years ago. The theory of reciprocal insurance is that the two companies involved will come out about even, and if they can do this they will have saved the reinsurer's costs of doing business and his profit. However, this seldom happens. One or the other company gets the worst of the bargain. As the loss rate climbs, the insurer wants real reinsurance. With fire rates going down and commissions on direct business going up, loss ratios are bound to increase even more than they already have. About all the insurers get out of reciprocity is spread, reinsurers believe.

Primary insurers have expressed some resentment at the high rates being charged by reinsurers for catastrophe windstorm cover as a result of the 1950 storm in the northeast. Oddly enough, the American markets for the cover have been more competitive than London Lloyds. This may be due to the fact that London Lloyds was hit by the 1938 hurricane to some extent, received a real wallop in the 1944 hurricane which struck the same territory, and reportedly paid out more than $75 million as a result of the 1950 affair. Excess Management was not involved in the 1938 hurricane at all, and not too seriously concerned in the 1944 storm. It only accumulated real liabilities in the 1950 blow. North America, the other large market for catastrophe windstrom cover, was hit pretty hard only in 1950. Thus Lloyds' experience has been different—and worse—than the others now writing and rating the cover.

Because some insurers believe that reinsurers are moving too rapidly when they try to get their money back in five to six years, there have been some efforts made to devise altered and cheaper approaches to the catastrophe reinsurance objective. For example, if the primary insurer balks at a rate of 4%, say, the reinsurer and insurer may work out an arrangement to return the latter 1% at the end of five years if there are no losses. This amounts to a kind of no loss bonus.

Another arrangement suggested is for the reinsurer to pay the ceding company for losses arising out of a catastrophe after the loss ratio of the primary insurer passes 55, or some other figure. The dollar amount of cover would not be too important. The idea here is that many insurers can pay large dollar losses, especially in these good times. Their real fear is that they will get into trouble when times are poor. Then when a catastrophe occurs it hits the loss ratio hard and the primary insurer needs help. The effect would be to reduce substantially the rate for catastrophe cover, from prices currently being charged for the regular catastrophe insurance.

In addition to loss ratio cover, it is said, some insurers are buying their catastrophe in layers, to have a little money. Most insurers that had catastrophe cover before 1950 want more today than they had then. If they had $1 million over $500,000, they might want $2 million over $500,000 today. But it is not likely that they are buying this much more protection because of the sharp rise in price. The $2 million regular cover could cost them $250,000 or more.

But they might buy $1 million over $500,000, and then get another $500,000 above $1,500,000. The second (and subsequent) layers would cost them considerably less than the first. This is said to be about the same thing that goes on in the casualty excess of loss cover, when insured instead of purchasing $100,000 of insurance from the primary insurer gets $10,000 from that source and goes to the reinsurer for $90,000 over $10,000. In doing so, he may save 10 to 20%.

The purchase of catastrophe windstorm cover in layers is looked upon as a temporary expedient at best because if the reinsurer of the third and fourth layers, which is paid comparatively few dollars for a big liability, were ever to get hit, the market undoubtedly would vanish overnight. As it is, with the memory of the 1950 storm in mind underwriters of the top layers are nervous.

It is nervousness about what can happen, as illustrated in 1950, that keeps the market for catastrophe windstorm covers tight. There is still a real shortage of capacity, even though the market is easing somewhat. The big change is that reinsurers are not so jittery as they were in the year following the 1950 storm. The rates have steadied off pretty well. But with the rest of the covers becoming more competitive, and with one or two good years on catastrophe, it is expected that rates here will also go down in the next year or two, long before the reinsurers have recouped all of their losses from the northeast blow. Terms at catastrophe contract renewal time next fall may be a little easier. Catastrophe reinsurers have been anxious to get more spread and to take less cover from each insurer, but are adding $100,000 here and $500,000 there, small amounts individually but over-all adding up to a considerable total.

It must be said for the reinsurers, which, it is estimated, paid at least half and probably 60% of the $200 million bill for the 1950 northeast storm, that they faced the uneasy possibility of being unable to recover their losses before another storm struck of equal intensity in a wide area of concentrated property. There had been hurricanes in the same territory in 1944 and 1938. This 6-year incidence was impressive. If they set their sights on recouping in five years, they would have one year to

accumulate something for a fourth blow. Another destructive storm in the meantime would make recouping almost impossible. The Florida hurricane that preceded the northeast "disturbance" caused some insurers—and reinsurers—to hit their catastrophe covers, giving them two cracks at the catastrophe reinsurers in the one year, 1950.

Reinsurers felt that they were being considerate by projecting recovery for five or six years. They recognized that companies had been hard hit, that they also had to recover. The primary insurers have a lot of three and five year business on the books, and it takes a long time to make increased rates effective and a longer one to recover losses of such magnitude.

• • •

Catastrophe cover still is regarded pretty much as a specialty line. There has been no big rush into the field, though the new pool operated by Excess Insurance Co. is writing some.

Most of the professional reinsurers offer it on occasion but do not take more than good business requires, and most or all of this they promptly reinsure—probably in London. There may be a slight tendency for these reinsurers to take a little more than they used to, to offset the attraction of treaty business by those reinsurance markets that write the catastrophe cover.

There certainly is no doubt about the importance of the catastrophe cover to the hundreds of fire insurers of medium and small size. If these insurers lost their excess cover market on wind, and to an extent, fire, it would practically ruin them. Today there is extended coverage on everything; banks even require it where they do the fire insurance. There is no way the small insurer can safely write E. C. without an excess cover.

As one observer expressed it, the entire establishment of the small company, mutual and stock, is hanging by the thread of excess cover. If they were deprived of it, they would have a grave problem, and the consequence would be of the utmost concern to insurance departments. They might find that policyholders' surplus is no measurement of a company's stability.

One favorable aspect of fire and allied line business in 1952 for both insurers and reinsurers is that though the fire rates have been reduced to some extent over the country, this reduction, dollar wise, has been more than offset by the increase in E. C. premiums, which, it is estimated, will run around $550 million countrywide. On some dwellings today the E. C. and fire rates are identical. Coupled with this has been a marked measure of freedom from hurricanes, cyclones, tornadoes and big wind disturbances.

• • •

The professional reinsurers do not get a large volume of ocean marine business. However, for some of them it represents a tidy sum and runs several percent of total volume. This year has been notably bad. The loss ratio is extremely high, bearing out reports that the business has been sour for primary insurers of the coverage. This follows in the footsteps of 1951, but is worse this year. Most of the reinsurance per se goes to London. A good deal of the need for insuring off liabilities in ocean marine is taken care of by reciprocal arrangements and pools of primary insurers of ocean marine.

The suggestion by Commissioner Cheek of North Carolina that the idea of regulating reinsurance rates might be the subject of inquiry is unlikely to lead to anything. However, it does illustrate the importance that reinsurance has assumed in the business.

New Commissioners Named in Tenn., Ill., Md., Ind.

(CONTINUED FROM PAGE 1)

rett, and Jack Peterson, who is special agent of Prudence Mutual Casualty.

Thomas Barrett is the brother that is the principal operating executive of the two insurance companies. He is vice-president and secretary.

Prudence Life is an assessment life and A. & H. insurer that is engaged principally in the accident and health and hospitalization field, while Prudence Mutual Casualty that was licensed Dec. 28, 1948 is in the automobile insurance business. Its assets at Dec. 31, 1951 were $237,594 and policyholders surplus was $54,570.

Prudence Life was formed originally by Alfred Holtzman, who was an old-time Equitable Society general agent. Its assets were $572,596.

Harry Wells Succeeds Viehmann in Indiana

INDIANAPOLIS—Harry E. Wells, a Republican examiner for the state board of accounts, has been named state insurance commissioner by Governor-elect. He will take office after Craig's inauguration Jan. 12. The office carries an $8,000-a-year salary. He succeeds Frank J. Viehmann, a Democrat, who is completing a second term that was non-consecutive.

Mr. Wells served as chief examiner in the insurance department during the Republican administration of former Governor Ralph F. Gates.

During his previous tenure in the department, Mr. Wells conducted an exhaustive two-year state examination of Metropolitan Life. The work began in 1948 and was completed in 1950.

He is 59 years old, a native of Jefferson county and a veteran of the first war. He has been active in politics in Indiana.

Ohio Code to be Revised

The Ohio bureau of code revision after a five-year study has completed the revision of the Ohio code. It will be submitted to the legislature in January.

In the section dealing with insurance, new matter appears in probably 5,000 places and language is deleted in probably 6,000 places. Ohio insurance men and their counsel plan to go over the insurance section line by line, to see that no important matter has been omitted, or changes in the substantive law made inadvertently.

Warns on Coercion in Tenn.

Commissioner Taylor of Tennessee has issued a strong warning against violating the state's fair practices act by the use of coercion in soliciting insurance in auto, real estate and other credit transactions. Stating that the directive had been under preparation by former Commissioner Allen at the time of his death, Mr. Taylor indicated that many complaints of violation of the 1947 act had been received and reminded that there is a $5,000 penalty for violation.

Paul M. Davis of Davis, Corson & Bradford, Nashville, has been elected to a third term on the advisory council of Federal Reserve Board.

Ask Exact Report on Location of Minn. Risks

MINNEAPOLIS — Members of Minnesota Assn. of Insurance Agents have been advised by George W. Blomgren, secretary-treasurer, that the association has pledged "the full support of our members and their employes in carefully and completely describing the exact location of each insured risk in order that the insurer can correctly code and tabulate the premium tax to the fire department serving that risk."

This is the outgrowth of recent hearings called by the insurance department on complaint of some of the suburban communities, particularly around the Twin Cities, that they are not getting their rightful share of the premium tax because much of the insurance business in those communities is written by St. Paul and Minneapolis agents and the tax is credited to those cities.

"For obvious reasons," Mr. Blomgren said in a bulletin to agents, "the law must be strictly observed in this allocation and distribution of the premium taxes and every one of you wants each fire department to receive the money to which it is justly entitled. Then, too, any unintentional deviations or departures could prove embarrassing to company and agent."

William S. Keese, Jr., of Trotter, Keese & Boyd, Chattanooga, past president of Tennessee Assn. of Insurance Agents and past national councilor, has been elected a director of the chamber of commerce.

Rate for Added Dwelling Coverages in Cal. Is 6¢

The rates have now been announced for the new Pacific Board broad form policy for dwelling building risks in California. With deductible the charge is 6 cents plus the rate for fire, plus extended coverage, plus additional extended coverage. The minimum premium is $10. To waive the deductible there is an additional charge of 6 cents and there is a minimum additional premium of $25.

FIELD

Ralph Bendure Retiring; North British Names Taxter in Ohio Field

After 28 years of service with North British group, Ralph T. Bendure will retire as state agent at Columbus, O., Dec. 31. His successor as state agent will be David A. Taxter.

The evening of Dec. 15, Mr. Bendure was guest of honor at a retirement dinner at Columbus, with Secretary H. V. Tisdale as host, and attended by Ohio field associates. He was presented a wallet and a toy Christmas tree decorated with bills of various denominations.

Mr. Taxter is a graduate of the University of Delaware. Prior to joining North British he was with Ohio Inspection Bureau. He has been a special agent in Ohio.

Griffin Slated as New Washington F.U.A. Head

Washington Fire Underwriters Assn. will hold its annual meeting Jan. 9 at Seattle. Van C. Griffin, Glens Falls, has been nominated for president to succeed Mark T. Perry, George C. Newell Co. Others nominated are: Vice-president, C. B. Nelson, National Union Fire; secretary, L. W. McChesney, Great American.

H. O. Price, Gould & Gould, will be master of ceremonies at the annual dinner following the business meeting.

Murphy Gets S. D. Post

Security of New Haven has named Patrick O. Murphy as state agent for South Dakota with headquarters at Sioux Falls.

Mr. Murphy was in military service four years, and before joining Security he traveled for a general agency in South Dakota as special agent.

Shift Pitchford, Shepherd

American has appointed Special Agent Victor L. Pitchford a field supervisor at the home office, effective Jan. 1, and transferred Special Agent Clinton D. Sheperd from Hackensack, N. J., to Baltimore to replace Mr. Pitchford.

Mr. Pitchford attended Washington & Jefferson College and started with Marine Office of America in 1932 as marine special agent in New Jersey. In 1938 he joined American as a marine underwriter, and the following year became special agent for all lines in Essex county, N. J., being transferred to Baltimore in 1945,

Mr. Sheperd is a well trained multiple line field man with 17 years insurance experience. He was in charge of American's Trenton field office before his assignment to Hackensack in 1951.

Security Names Nichols in W. Tex. to Replace Marlar

Security of New Haven has appointed Wallace G. Nichols, Jr., as special agent in west Texas with headquarters at Lubbock. He succeeds William G. Marlar who was recently recalled to service in the marine corps. Mr. Nichols attended Texas A. & M. College, and before joining Security was in the local agency business.

Three Named by Travelers

Three field appointments in fire and marine lines have been made by Travelers. William S. Spring has been appointed assistant manager at the John street office, New York; Lemuel G. Hutson has been named assistant manager at Lubbock, Tex., and Ray M. Galloway has been appointed field supervisor at Charlotte.

Name Peterson in Ill.

Great American has appointed Dale Peterson as special agent in southern Illinois effective Jan. 2. He will have headquarters at St. Louis.

Mr. Peterson is a graduate of the University of Iowa and for two years has been on the underwriting staff in the western department.

Carlton Advanced in N. C.

Stock Fire Insurance Field Club of North Carolina has elected Percy L. Carlton, Crum & Forster, as chairman succeeding C. R. Macgill, American, who has been transferred to Atlanta. Mr. Carlton moves up from vice-chairman and is succeeded in that position by H. H. Phelps, Home.

Wis. Field Meetings Set

The quarterly meeting of Wisconsin Fire Underwriters Assn. will be held Jan. 5 at Milwaukee. Wisconsin Blue Goose will hold its mid-winter meeting that evening.

Roy W. Taylor has purchased the interest of his partner, K. E. Eckert in the local agency of Eckert & Taylor, Portland, Ore.

Three Named in Marine Changes of American Fore

America Fore group has made several changes, effective Jan. 1, in the operation and the personnel of the home office inland marine department.

E. L. Risberg will be transferred to Brooklyn to have supervision over the newly created inland marine department. He has been with the home office inland marine department for 20 years as an underwriter.

H. D. Young will be transferred to the Niagara branch office in Newark to assist W. D. Sheldon, manager, as a special agent. Mr. Young has been with the home office inland marine and general cover departments since 1937, except during the war.

L. C. Kaley, who is now with the marine department of Fire Association, will be appointed a superintendent of the home office inland marine department. He graduated from Miami University of Ohio in 1939. Except for his war service in the navy, his experience has been in the marine and inland marine field.

New Local Board in N. Y. State

Norman Kamens of Salamanca, N.Y., has been elected president of the newly organized Cattaraugus-Allegany County Assn. of Insurance Agents. Mrs. Elsie Bartlett of Bolivar is vice-president and William M. Pelton of Olean is secretary. Arthur Schwab of Staten Island, executive vice-president of New York State Assn. of Insurance Agents, addressed the organization meeting.

McCord Ky. Secretary

LOUISVILLE—Walter R. McCord has been named secretary of Kentucky Assn. of Insurance Agents, effective Jan. 1, by the executive committee.

He spent about five years with Retail Credit Co. offices at Atlanta and Pittsburgh and about four years in the army. He came to Louisville about a year ago and was with the Macpherson agency.

The association in September had selected C. J. Blanchard as secretary, effective Jan. 1, to succeed Peyton B. Bethel, who is retiring, but Mr. Blanchard resigned recently.

$35 Fee for Brokers Asked

There has been introduced in the city council of Evanston, Ill., an ordinance to license insurance brokers at $35 a year.

EDITORIAL COMMENT

Resting Place Not Achieved

Rep. Harold W. Canavan, the Democrat from Revere, keeps sniping at the insurance companies in connection with the compulsory automobile rate situation in Massachusetts. He engages in some patent demoguery. He quotes the 1951 auto premiums in Massachusetts as something over $109 million, then quotes the losses paid as $64 million and then blandly utters the big lie that the difference of $46 million is profit. From there in his mud slinging he goes on to say how many insurance companies there are in the state and how many presidents they have, vice-presidents, directors, etc. and says the presidents are paid $50,000 a year and the others get $20,000 a year or more. He concludes that "the paying of exorbitant salaries is one reason why the average person is going to have trouble putting his car on the road. The reason they say they don't make any profit is because these executives make such high salaries."

All of this, of course, is so preposterous and is so crudely and baldly handled that it won't raise the blood pressure of the insurance fraternity. However, it does serve to accentuate the fact that the Nov. 4 election did not rid the insurance business of its problems in the fields of legislation, public relations and politics. Especially did it not do so at the so-called state level. Fortunately, there have been a great many good licks put in by the insurance fraternity in Massachusetts and the motorists and the legislators there have been well apprised of the true nature of the whole automobile accident and insurance problem and as a result it is going to be increasingly difficult for the Canavans and the like, and the Tumultys in New Jersey to inflame the populace with an anti-insurance passion by propagating the big lie or even little lies.

It is necessary to keep up this defensive, explanatory type of public relations work and never to relax. In this connection we are reminded of the point that was made by Louis B. Seltzer, editor of the Cleveland Press, in addressing the annual meeting of Institute of Life Insurance at New York. He said he had detected since Nov. 4 on the part of some business leaders a feeling that there could now be a slackening of public relations activities. Mr. Seltzer said that would be disastrous. There has been fought just one round of a battle. We are now in a resting period, he vouchsafed.

Fortunately we have detected no feeling on the part of insurance people that all is now serene. They realize that most of their battles are still before the state legislatures and the bar of opinion of the individual states, and that a change in Washington might promise relief only in certain definite areas of insurance interest.

The fact that Rep. Canavan's proposal for a special session of the legislature to deal with compulsory automobile insurance matters was overwhelmingly trounced, and that his lie that the difference between premiums received and losses paid constitutes profit and this is absorbed in high salaries of company executives, that all this falls on deaf ears is fine evidence of consistent, intelligent, aggressive public relations work on the part of the insurance fraternity. It is evidence of gains made but not of a goal or resting place achieved.

PERSONAL SIDE OF THE BUSINESS

Myron H. Wilson, well known Cleveland local agent, who is senior partner of Wilson, McBride & Co., has been elected president of the Cleveland Indians baseball club, in a compromise settlement of the bitter controversy that has been waged over control of the club. He succeeds another local agent, *Ellis H. Ryan*, who is vice-president of W. F. Ryan Corp. agency.

J. Hunter White, resident secretary of National Union at Atlanta, is recuperating after an illness of several months.

Wade Fetzer, Jr., chairman of W. A. Alexander & Co., Chicago, has been named a member of the 1953 Red Cross fund campaign, one of four from the midwest area. National chairman is Leroy A. Lincoln, chairman of Metropolitan Life.

L. B. Burt, vice-president of Preferred Fire of Topeka, underwent an operation in a Topeka hospital. He is making a satisfactory recovery.

A. T. Graham at 87, considered to be Chicago's oldest active insurance man, was honored at the commencement of his 74th year in the business at a luncheon given by Insurance Brokers Assn. of Illinois. Mr. Graham has been a wheelhorse of the association for two decades and has headed the Blue Book committee for 15 years. As a chain cigar smoker, Mr. Graham was presented a huge cigar two feet long. He also received a fountain pen and a television set. Mr. Graham, a former president of the old Western Automobile Conference, is one of the founders and first fellows of the Insurance Institute of America. For some years, he has headed Chicago Insurance Institute.

Frank J. Bartsch, head of the Poulsen General Insurance Agency of Chicago, and former Illinois deputy insurance commissioner, got back on the job this week after having been away about three weeks due to illness.

I. D. Griffith, Griffith agency, Girard, O., was guest at a dinner given in his honor by Northern Assurance in recognition of his 25 years' service. A. H. Wishard, secretary, and H. V. Carlier, assistant secretary, paid tribute to Dr. Griffith, whose agency is one of the 10 leaders of the company. C. C. Rudibuagh, Youngstown, past president of Ohio Assn. of Insurance Agents, lauded Mr. Griffith's contributions to the welfare of that group.

Ted Nelson, Sr., president of L. W. Rhodes agency, Chattanooga, has been named by Governor Browning as a trustee for Tenessee's four major tuberculosis hospitals.

Charles R. Jones, Clarksville, Tenn., local agent, has been elected a member of the city council there.

Robert J. Sulski has joined the Chicago office of *Standard Accident* as a claim representative. James P. Hayes has joined the St. Louis office in the same capacity.

DEATHS

CHARLES HENDRY, 82, director of London & Lancashire, London, previously general manager and a leading figure in British insurance, died there. He was past president of Chartered Insurance Institute and former chairman of British Insurance Assn. While general manager of the company, he visited the U. S. many times and was very well known and esteemed in this country.

JAMES M. FAULKNER, executive supervisor of the southwestern department of General Adjustment Bureau, died at Dallas after a long illness. He began his insurance career in the loss department of Managing Underwriting Corp. at Detroit in 1930. Four years later he went with G.A.B. at Houston. He was subsequently transferred to the departmental office at Dallas as assistant supervisor of the automobile, casualty and special risks division and in 1935 became supervisor of the automobile division. In 1944 he became executive supervisor of the southwestern department.

HERBERT L. HART, 83, resident vice-president of American Surety, died at Buffalo. He was manager at Buffalo from 1906 until 1941 when he became resident vice-president.

GEORGE J. KESEL, 59, a partner in the Wadsworth & Olmstead agency, Syracuse, N. Y., died after a week's illness. He was with the agency 43 years.

ROBERT V. SINNOTT, 52, secretary of Hartford Accident, died at Springfield, Mass., following a brief illness. A graduate of Trinity College, he joined Hartford in 1927 as an underwriter in the home office liability department. In 1935 he was transferred to the rating and research department to supervise research and actuarial work in connection with casualty underwriting. He was elected assistant secretary in 1944 and secretary in 1950. He was a fellow of Casualty Actuarial Society.

DAVID W. THOMAS, insurance manager of Gaylord Container Corp. for the past five years, died at St. Louis. He started his insurance career with Missouri Inspection Bureau about 1914, and before joining the Gaylord organization he was superintendent of its schedule rating and sprinkled risk departments.

RICHARD J. CROWE, vice-chairman of the board and former general manager of Employers Liability, died at London.

Mr. Crowe, who was a frequent visitor to this country, retired from active duty as general manager in 1949 but continued as board vice-chairman.

BARRON J. FRADENBURG, 85, Kansas City, founder of the Fradenburg-Trotter agency, died Sunday. He entered the Crutcher & Welsh agency when he was 16. In 1899 he went into business for himself. In 1924 he and Nathan Trotter combined their businesses. He had been secretary of Underwriters Fire Patrol about 18 years and was a past president of the Kansas City and Missouri Assns. of Insurance Agents.

GEORGE W. KARCHER, 49, assistant secretary and superintendent of the reinsurance department of U.S.F.-&G. for many years, died at Baltimore. He had been with the company since 1918 and assistant secretary since 1950.

Miss MARY T. GEARHART of Gearhart Insurance Service, Columbus O. in which she was associated with her brother William, died unexpectedly. She formerly was with the Columbus agency of Ohio State Life and was the first woman to qualify for its President's Club.

HAROLD G. FYFE, Kennewick, Wash., local agent, died in a Portland hospital following a long illness.

EDWARD V. O'DWYER, president and manager of the Goldberg-O'Dwyer Co. agency, Toledo, died there.

D. ANDREW GUTGSELL, 86, Michigan City, Ind., local agent, died after a six-month illness.

KENNETH H. WILSON, 64, president of the Charles F. Wilson agency, Ftichburg, Mass., died at a hospital there. He was a former officer of the Fitchburg Board.

BYNUM JACKSON, 60, died at Clinton, Ky., after a four weeks illness. He had been a local agent at Clinton for 27 years, having purchased the McLemore Kemp agency in 1925.

HENRY M. PAYSON, 55, well-known Maine agent, died at his home at Yarmouth from a gun shot wound. He entered insurance with the Morse, Payton & Noyes agency in 1925 and

The NATIONAL UNDERWRITER
PUBLICATION OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
CIRCULATION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio

Editor: Kenneth O. Force.
Associate Editors: John C. Burridge, Charles C. Clarke and F. A. Post.
Assistant Editors: Ellsworth A. Cordesman and Donald F. Johnson.

Executive Editor: Levering Cartwright.
Advertising Manager: Raymond J. O'Brien.
Teletype CG-654

Howard J. Burridge, President.
Louis H. Martin, Vice-Pres. & Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

ATLANTA 3, GA.—432 Hurt Bldg., Tel. Walnut 9801. Carl E. Weatherly, Jr., Southeastern Manager.

BOSTON 11, MASS.—210 Lincoln St., Tel. Liberty 2-1402. Wm. A. Scanlon, Vice-Pres.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; George E. Wohlgemuth, News Editor; Arthur W. Riggs, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadis, Southwestern Manager.

DES MOINES 12, IOWA—3333 Grand Avenue, Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1102 Lafayette Bldg., Tel. Woodward 3-2826. A. J. Edwards, Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg. Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg. Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

for several years had been president of that agency as well as treasurer of Campbell, Payson & Noyes.

H. GEORGE ERZINGER, 52, Vancouver, Wash., local agent, passed away November 28. The agency is being continued by Mrs. Erzinger.

EARL D. HALEY, 44, a member of the firm of John C. Haley & Sons, Madison, Wis., founded by his father in 1895, died unexpectedly at a hospital at Monroe, Wis., which he had entered for a physical checkup. A heart attack was the apparent cause of death.

Samet Retires: Olson Automobile Chicago Chief

Walter Samet is retiring as manager of the Cook county department at Chicago of Automobile and Standard Fire, and Paul E. Olson will succeed him.

Mr. Samet's insurance career spans more than 60 years, and on his retirement he will have completed 26 years with the Aetna Life companies. He entered insurance at 13 as an office boy with Lancaster of England and subsequently was with Providence Washington, North British and America Fore. In 1927 he became manager of the Cook county department of Automobile and in 1946 of Standard Fire. For many years he served as a director of Chicago Board.

Mr. Olson has been assistant manager since 1927. He formerly was with Westchester and America Fore. He is a past president of Western Loss Assn.

Weigand Ill. State Agent

Northern Assurance has appointed H. G. Weigand state agent for Illinois. He will supervise the central and southern section, excluding that part of Illinois now handled by the Chicago office under John T. Woodroffe, manager.

Mr. Weigand has been in insurance work more than 25 years, and has agency experience in addition to his activities in home office and field. He spent 16 years with North America and also with National Fire, Providence Washington and more recently with the Loyalty group.

Rochester Board Elects

Robert J. Grab, James Johnston agency, has been elected president of Underwriters Board of Rochester, at N. Y. Vice-president is L. James Shaw, Markin's agency. Reelected treasurer was Arthur L. Griffith, president of E. F. Ashley agency, and reelected executive secretary was Louis Hawes for the 29th consecutive year.

Work on Stand-by Program

WASHINGTON—The annual report of Secretary of Commerce Sawyer says, in connection with the Defense Air Transport Administration, which comes under his department, that "insurance must be available if airline equipment is to be taken into war zones."

After referring to enactment of Public Law 47 providing for a government aviation war risk program and pointing out that current commercial policies have war risk cancellation clauses, the report says:

"Under this law, DATA is sponsoring working groups representing government agencies, airlines, and insurance underwriters which have been set up to prepare the required insurance documents, the over-all policy of the program, and plans for administration. These groups are completing the necessary elements of a standby war-risk insurance program."

Walker Garrott Is New President at Denver

Walker A. Garrott has been elected president of Denver Insurors Assn. He replaces Ted Wendelin of Title Guaranty Co.

Albert Wulf of Fred R. Ross Investment was elected vice-president. Leonard Miller of Douglas Hill agency replaces Jack Walker as treasurer. Don Guthrie of Jenkins-Moore agency is secretary, and new directors are John Mergen, Donald Guthrie, Leonard Miller, Everett Dawson.

Far West Conference Sets Meeting Dates for 1953

The 1953 meeting of the Far West Agents Conference of N.A.I.A. will be held March 30-April 1 at the Clift Hotel, San Francisco. The conference executive committee will meet at San Francisco Jan. 15-16 to draw up an agenda.

St. Louis Assn. Elects

Leo C. Krell, South St. Louis, was elected president of Associated Insurance Agents & Brokers of St. Louis at the annual meeting. Vice president is Fred R. Donley; treasurer, Walter H. Lerch; secretary, Jerome E. Jacobsmeyer. Jesse W. Barrett, former attorney, continues as counsel and Clarence C. Lang as executive secretary.

Stress Agents' Tax Problems

Need for agents to maintain adequate and accurate records, particularly of business expense, in order to avoid paying excessive federal taxes, was stressed at a meeting at East Tawas, Mich. of Tri-County Assn. of Insurance Agents.

Speakers on tax problems were Carl Strong, insurance coordinator of the Michigan State College continuing education department, and James Scott, district internal revenue agent. The talks elicited many questions from agents.

Jack Butterick, new assistant to Waldo O. Hildebrand, secretary-manager of the Michigan association, attended.

Name Flora in Canada

L. J. Flora, resident secretary at Toronto, has been named manager of the Dominion department of Lumbermens Mutual Casualty. He went to Toronto in 1949 as underwriting manager, later becoming assistant manager. He succeeds B. C. Dahlmann, who has become vice-president in charge of operations at Decatur, Ill.

Set Claim Men's Dates

International Claim Assn. has scheduled its 1953 annual meeting for the Sagamore, Bolton Landing, Lake George, N.Y., Sept. 14-16.

M. S. Bradish Retires

Murray S. Bradish of Portland, Me., has retired as state agent of Springfield Fire & Marine after 40 years with the group. He started as special agent for Maine and New Hampshire and after 10 years became active in local agency work at Portland, continuing with Springfield as special agent for Maine only. He was made state agent in 1943 and held that title until three years ago, when he was given a leave of absence. He continues as president of Bradish-Young agency of Portland.

He started with Factory Insurance Assn. and then went with the agency at Eastport, Me., conducted by his late brother, Scott P. Bradish, who was Portland manager of New England Rating Assn. 1914-1947. The agency was operated by another brother, the late Frank L. Bradish, 1914-1951. A fourth brother, Ralph W. Bradish, was special agent of Providence Washington in Maine and New Hampshire for more than 25 years.

Advance Darby at Denver

Grant M. Darby, Jr., of Travelers Denver office has been advanced from field supervisor to assistant manager.

Propose Stock Dividend for New Hampshire Fire

Directors of New Hampshire Fire have recommended that its capital be increased from $3,500,000 to $4 million by issuing 25,000 new shares of stock to be distributed as a stock dividend of one share for each 15 now held.

Stockholders will vote on the proposal at a special meeting Feb. 17.

The Atlanta agency of *Spratlin-Harringto* Co. has opened a new office at 288 East Paces Ferry Road, N.E. This will be in charge of Raymond Turpin and Dean Spratlin.

Are you always "UNDER PRESSURE" for Plate Glass Replacements?

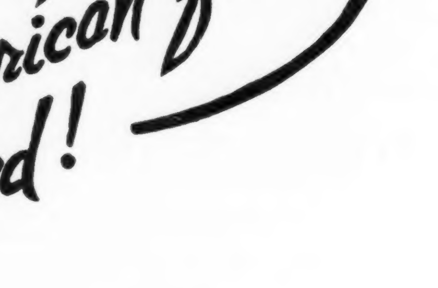
You can depend upon American for speed!

In an emergency, your assureds demand service. And why not? They usually have a great deal at stake. Dangerous broken glass presents a serious liability hazard, loss of valuable window display space affects sales and there is always the additional inconvenience of the weather to reckon with.

The question is: Can you give your assureds the service they demand and have a right to expect? If not, perhaps American Glass Company can help you.

American Glass Company provides every facility for doing the job in a hurry. A specialized insurance department for handling policyholder's requirements, fast modern trucks, experienced workmen all combine to satisfy your assured's emergency needs.

If you are always "Under Pressure" for plate glass replacements . . . remember American . . . and your worries are over!



Phone **MOhawk 4-1100**

Members of Chicago Association of Commerce

BENJAMIN BERIS
President

Members of Chicago Better Business Bureau

American Glass Company

1030·42 NORTH BRANCH STREET · CHICAGO

"Recognition Merited by Our Service"

Highlights Given of Magnuson Report on Financing of Personal Health Services

Of the greatest interest to insurance companies in the findings of the President's Commission on Health Needs of the Nation, whose report was issued last week, is the section on financing personal health services. The attitude of the commission is that this is a field in which the government should take a great deal more interest and exercise more supervision. Recommending that the "principle of prepaid health services must be accepted as the most feasible method of financing the cost of medical care," the commission adds that a cooperative federal-state program should be set up to assist the financing of personal health services, under which each state would have a health authority to draw up an overall plan to develop and distribute personal health services, "using public or private agencies and resources, or a combination of them."

• • •

The system of payment of physician and hospital bills by the insurance method is rapidly gaining in popularity, the commission says. But it adds that while the scope of services furnished is increasing, it still falls "far short" of meeting the need. Insurance plans cover only 15% of private expenditures for medical care, and "in most cases, many desirable services are not provided by available prepayment plans. A very insistent demand for more comprehensive service is arising."

• • •

The prepayment principle can be used to provide almost complete protection, with proper organization, the report states. "We favor this form of financing for health services in general," it adds, noting that general hospital costs can be insured quite readily and that a number of Blue Cross hospitalization plans provide "a fairly adequate answer to the problem of payment of hospital bills."

The commission desires adequate protection against the costs of hospital care, the services of physicians and other health personel — in office and home as well as in hospital— the more expensive drugs and appliances and certain dental care. One of the objectives of comprehensive prepayment plans should be to include complete dental health services as rapidly as possible, the commission says.

• • •

The present system of prepayment was termed inadequate. The report says the correctness of the prepayment principle has been demonstrated by the private plans now in operation, but these plans have not yet proven their ability to meet adequately the need for prepaid personal health services. "They do not for the most part offer comprehensive service, but limit their benefits to hospital and surgical care. Many of them offer only cash indemnity for medical expense, a method of compensation which often does not cover the full charge and which lends itself to a variety of abuses. They often exclude pre-existing conditions needing care and are not available to many population groups. Their control is usually such as to preclude consumer representation in policy-making and they require a flat premium rate, irrespective of income."

The extent to which private prepayment plans meet the needs of the people should be reviewed against these standards, listed as:

To provide protection against the total cost of personal health services, diagnosis, treatment and rehabilitation in and out of the hospital, except prolonged hospitalization for mental diseases, tuberculosis, etc.

To bring prepaid protection to the total gainfully employed population and their dependents.

To provide for services on a basis which assures maximum efficiency and economy in cost of operation and in the methods of payment for services.

To recognize the responsibility to the public interest by inclusion of consumer representatives on the decision making boards in numbers at least equal to that given representatives of groups providing the services.

It is added that the public and the medical profession must both develop a fulled appreciation of the benefits of prepayment plans.

The principal obstacle to the development of these plans is financial, the report notes. "Ways must be found to finance the premium payments for everyone if prepayment is to become an adequate answer to the problem."

Under the heading "Government Responsibility" the report says that "in addition to assuming in the future a greater measure of responsibility for personal health services for low-income groups, government at some level must continue and expand its support of the long-term institutional care of those suffering from mental disease, tuberculosis, or other chronic illness . . . if all our people are to receive high quality personal health services. Government must develop a suitable mechanism, at least for those with low incomes, and finance it—wholly for some and

(CONTINUED ON PAGE 23)

"National compulsory health insurance," was the way Dr. Louis H. Bauer, Hempstead, N. Y., president of American Medical Assn., described recommendations contained in the Magnuson report. According to Dr. Bauer, the A.M.A. is withholding comment on the full report of the commission pending careful study by a four-man committee.

The particular recommendation to which objection was taken stated: "Funds collected through OASI mechanism be utilized to purchase personal health service benefits on a personal health service benefits on a pre-payment basis for beneficiaries of that insurance group, under a plan which meets federal standards and which does not involve a means test" (a means test determines ability to pay).

According to an analysis by Benjamin B. Kendrick, research associate of Life Insurance Assn. of America, the report takes a rather negative view of the health insurance issued by companies. Its legislative recommendations, if adopted, would tend to hamstring company operations in the health insurance field, if not to eliminate such activities entirely.

Labor WC Legislative Aim Announced for Mass., Pa. and Tenn.

Initial proposals by organized labor for changes in Wyoming's workmen's compensation law have been announced as calling for: An occupational disease law, a 15% across-the-board increase in benefits; coverage for bartenders, and maids in hotels and motels; reciprocal submission of copies of accident reports by the employer to employe and vice versa, and a provision permitting an employe to choose a physician to represent him, in case of permanent partial disability, with the cost to be paid from the general workmen's compensation fund.

Massachusetts workmen's compensation insurance would be handled through a state fund rather than private insurance companies under terms of a bill filed by the State Federation of Labor and the state CIO for consideration by the 1953 legislature. Similar proposals have been rejected by past sessions of the legislature.

Another bill sponsored by the CIO would increase the dependency allowance under the law from $2.50 to $5 a week.

• • •

Enactment of Pennsylvania legislation increasing maximum workmen's compensation and occupational disease benefits to $35 a week is being sought by Pennsylvania Federation of Labor.

Tennessee organized labor's joint legislative council has announced it will seek the enactment of legislation liberalizing the compensation law by increasing maximum death benefits from $7,500 to $10,000 and by removing limits on medical service.

Travelers Forecasts 2% Auto Death Rise, 4% in Injuries in '52

Motor vehicle registrations and highway use of motor fuel reached record heights in 1952, and the increase in travel will be reflected by an increase in the number of persons killed and injured on the highways, Travelers states.

Registrations have increased 2½% over the 1951 total and motor fuel consumption is up more than 5%. Fuel consumption, Travelers reports, will total 40 billion gallons by the end of 1952.

• • •

Total registrations in 1952 will exceed 53,200,000. Of these, 9,538,000 are commercial vehicles and 43,664,000 are private passenger cars.

Although deaths have risen for the third straight year, the increase has not kept pace with the increased travel as reflected by the greater number of vehicles on the highway, using more fuel than ever before. If the present trend continues, the fatality toll is expected to reach 37,800, an increase of 2% over the 1951 total of 37,100. Injuries are expected to increase approximately 4%.

G. R. Jenks Okla. Manager

Grover R. Jenks has been appointed manager of Home Indemnity in Oklahoma. He was formerly a special agent at Oklahoma City.

Wetterlund, Watt Given Top Posts by Washington National

Other Major Changes in Important Executive Posts are Announced

R. J. Wetterlund, who has been president and general counsel of Washington National, has been advanced to chairman, and is succeeded as president by Paul W. Watt, who has been executive vice-president. H. R. Kendall, former chairman, becomes co-chairman of the board. G. R. Kendall continues as chairman of the executive committee.

Burton P. Sears, formerly vice-president and associate general counsel, was named vice-president and general counsel. Theo. Heckel and C. H. Kendall previously 2nd vice-presidents, were elevated to vice-presidents.

R. J. Wetterlund

Paul W. Watt

R. C. Knoblock was appointed 2nd vice-president. R. S. Finley, A. M. Hanson and I A. Maher were named 3rd vice-presidents and R. J. Mueller was appointed agency supervisor in the general agency department.

• • •

Mr. Wetterlund, president for the past two years, attended University of Illinois and received his law degree from DePaul University. He has been with Washington National since 1924. He is past president of Insurance Economics Society, H. & A. Underwriters Conference and Insurance Federation of Illinois.

Mr. Watt, a graduate of Amherst, joined Washington National in 1930 as manager of the group department. As executive vice-president he had charge of all group and individual commercial and A. & H. He is a member of the Conference executive committee.

G. Preston Kendall has been with the company since graduation from University of Illinois in 1931. He has served in many diversified capacities —agency secretary, ordinary underwriting, investments. Mr. Sears was general counsel of National Life, U.S.A., 1920-1933, and later with Hercules Life from 1933 to its merger with Washington National in 1938. Mr. Heckel started with the company in 1925, has been in the group department more than 20 years and is in charge of overall group operations.

C. H. Kendall, with the company since 1928 has been agent, superintendent and manager in the field and recently 2nd vice-president in charge of eastern territory. Mr. Knoblock, with

(CONTINUED ON PAGE 23)

Bankers L. & C., Constitution Life to Be Merged

An application has been filed with the California insurance department for a certificate of merger of Constitution Life of Los Angeles and Bankers Life & Casualty of Chicago, under which Constitution would lose its identity and become the western regional office of Bankers L. & C. Stockholders of Constitution met Dec. 23 to ratify the agreement, which requires a two-thirds vote. They would receive $18 a share for their stock, which has a book value of about $10.50.

A sizable block of Constitution stock was acquired by John MacArthur, president of Bankers L. & C., some months ago from American National Bank of Galveston, Tex., which had a lien on the holdings of Homer W. Snowden, vice-president, and Ross Bohanon, president of Constitution.

Under terms of the merger agreement, Constitution would become a part of Bankers L. & C., which would assume all liabilities and policies of Constitution Life and acquire its assets and business. A resident vice-president of Bankers L. & C. would head a western regional office which would perform all the functions of a home office except investments. Bankers L. & C. now operates in 35 states and has an application pending for admission to California.

• • •

Constitution, as of Dec. 31, 1951, had $76,597,048 in insurance in force; assets of $10,470,387, and surplus of $1,050,780. Capital was $300,000 consisting of 100,000 shares of $3 par value. It is licensed to do business in 14 states and Hawaii.

The merger application was made under provisions of the California insurance code, and the merger would become effective as of the date of a certificate of merger as issued by the Illinois director.

Assets of Bankers L. & C. as of Dec. 31, 1951, were $37,114,753; surplus $5,808, 802, and capital $1 million.

The proposed merger of Constitution Life and Bankers L. & C. has been halted temporarily by a restraining order issued Dec. 18 by Superior Judge Albert C. Wollenberg at San Francisco. The order was obtained by Jennison Heaton of Pebble Beach, Cal., a director of Constitution, who claims he loaned Homer W. Snowden and Ross Bohanon $250,000 with which to buy 52,000 shares of Constitution Life. His loan was a second lien on the stock subject to prior liens to American National Bank of Galveston and TransAmerica Corp. of San Francisco. Heaton charges that Snowden and Bohanon sold their interest in the shares of Constitution to John MacArthur subject to the liens against it. He also charged that MacArthur and Bankers L. & C. paid off the bank liens amounting to $675,000, making his lien the first lien on the stock. He said he has received no payment on his lien and believes that MacArthur plans to merge Constitution Life with Bankers L. & C. without a settlement on his lien. The order is returnable Dec. 26.

Frank Carey Named First Deputy of Employers' Liability

Frank J. Carey has been named first deputy manager of Employers Liability and has been elected executive vice-president of American Employers and Employers Fire.

Mr. Carey, who has been with the Employers group for 25 years, is also secretary and treasurer of the Employers Group Associates. He has been deputy manager and treasurer of the companies. He attended Georgetown University.

Okla. Agitation Leads to Hearings on Auto Rates

State Rep. Robert O. Cunningham of Oklahoma City, who is a consistent gadfly on automobile insurance rate matters in that state, is stirring up the animals in connection with the new auto liability rates that have now gone into effect in the state and as a result the State Insurance Board has set a full public hearing for Dec. 30 on this matter. The rates automatically went into effect for the National Bureau companies and now to be rendered ineffective, the board would have to disapprove them. Cunningham said the board should have prevented the increases from going in. He went on to say that if the rates continued to go up the legislature may have to repeal the automobile responsibility law.

Tom Weaver, secretary of Oklahoma Assn. of Insurance Agents, has jumped into the controversy by issuing a statement giving the lie to some of Cunningham's charges. For instance, Cunningham was quoted as saying that the insurance companies told the legislature in 1949 that the rates would go down if the responsibility law were enacted. Weaver said this was untrue and he challenged him to prove otherwise.

There will be a hearing Dec. 30 on the casualty rates and on Dec. 31 on the N.A.U.A. rates. The latter has not made a new filing, but the board decided to open the matter, according to Joe Beaver, secretary of the board.

Commissioner Dickey in a letter to Cunningham said the hearing will inquire into all automobile rates to determine whether they are too high, too low or unfairly discriminatory. Also, the board wants to achieve a common rate revision date for the automobile third party and physical damage coverage. The board would like to go into automobile rate matters just once a year and have done with it.

Court Again Upholds 1951 Minn. "Comp" Rate Hike

ST. PAUL-Minnesota compensation insurance board again has won its case in court involving an 8.2% rate increase on compensation rates for 1951. Employers protested the order of the board when it granted the increase and went into court where the board's order was upheld.

The employers carried the case to the state supreme court, which sent it back to the district court with instructions that the compensation board review its methods used in deciding the increase was justified. The board did as ordered and came back with the report that it found no reason why the increase should not be granted.

Once again the employers went to court, contending the explanation of the board did not justify the increase.

Judge Dane has again held that the increase is justified; that the companies actually underestimated the need in the original order and that the subsequent loss ratio experience indicated the premium boost was too small.

Allstate Has Comprehensive Personal Liability Policy

Allstate will broaden its operations in the field of general liability insurance Jan. 1 by introducing a comprehensive personal liability policy.

The new policy follows the standard form used, but also includes some special features. Throughout the policy, for example, each coverage and important condition is illustrated by a thumb-nail sketch. This is the same type of "picture policy" popularized by Allstate's automobile insurance contract.

It will be sold on a combined BI and PD basis with basic limits of $10,000 and medical payments coverage of $250. It will cost $9 per policy year (Louisiana and Texas excepted), which is 10% below standard rates. Higher liability limits of $25,000 and medical payments coverage of $1,000 will be available at an annual premium of $15.30 (Louisiana and Texas excepted). The standard rate is $17.

Until July, 1952, when Allstate introduced its illustrated farmers comprehensive personal liability policy, the company sold automobile insurance exclusively.

Goodale Joins Smith General Agency at Boston

Robert L. Goodale, who for many years was New England manager of Preferred Accident, has joined the Robert H. Smith & Co. general agency of Boston as general manager. Smith & Co. was organized 14 years ago by Robert Smith, who was drowned last September off Cohasset, Mass., on a fishing trip. Mr. Goodale is also treasurer of Goodale Co. Inc. agency, which will have its headquarters in the Smith office.

Mr. Goodale was with Preferred Accident for 23 years, for 14 years as New England manager until 1949 when he was transferred to Chicago. In 1951 he became executive vice-president of Mountain States Mutual Casualty of New Mexico, from which position he recently resigned.

Travelers Names Seven

Several field appointments in casualty, fidelity and surety lines have ben made by Travelers.

Five field supervisors have been promoted and named assistant managers. They are: Grant M. Darby, Jr., Denver; John L. Swanson, St. Paul; Stephen G. Borstad, Omaha; E. Lloyd Rogers, Albany; and Robert W. Spurck, Dallas.

Two field supervisors have been appointed: Gordon C. Sleeper, Jr., at the John street office, New York, and John R. Atwater, at Albany.

The headquarters of George M. Lewis, assistant manager at Indianapolis, will be changed from Danville, Ind., to the Indianapolis office.

Philip B. Hosmer, Jr., of the R. W. Hosmer agency, Chicago, underwent an appendectomy at Lake Forest hospital.

3-Way Hoosier Merger Produces Meridian Mutual

A merger has taken place of Farmers Mutual Liability of Indianapolis and Conservative Mutual and Farmers National Mutual, both of South Bend. The consolidated company has been named Meridian Mutual and has assets of better than $6 million.

The South Bend companies are fire and windstorm institutions. Conservative dates from 1877 and Farmers National from 1938. Orville C. Denniston, secretary and general manager of the South Bend companies, is retiring from the insurance business to engage exclusively in real estate. He becomes a director of Meridian. The head office will be at the recently completed new home office building at 2955 North Meridian street.

The company will engage in multiple line underwriting. Secretary and general manager is Carl M. Russell.

The change in name was necessitated because of Indiana law requiring that in such consolidations the continuing company bear a different title. Farmers Mutual Liability in 1951 had premiums written of $33,792,976, Conservative Mutual in 1950 $142,710 in premiums, and Farmers National Mutual had $51,228 in premiums.

Plans Legislation To Promote Magnuson Report

WASHINGTON—Senator Lehman of New York plans to introduce legislation next year to carry out principal recommendations of the President's commission on health needs of the nation (the Magnuson group).

He said the commission's report set forth a sound program for medical and hospital care for everybody. He regards as specially significant the recommendation for government grants to help development of voluntary health plans in the states.

N. J. Self-Insurers Elect

New Jersey Self Insurers' Assn. has elected M. J. Zemek, manager insurance department of Colgate-Palmolive-Peet Co., Jersey City, president; W. C. Nissen, industrial relations manager, Hyatt Bearings division, General Motors Corp., Harrison, vice-president; and Edgar I. Bell, claim agent of New Jersey Bell Telephone Co., Newark, treasurer. Andrew Lawrie, general counsel, Newark, and W. Irving Lewis, secretary, Newark, were reappointed.

The reitring president, Oliver T. Clayton, manager employe accident and claims division of Esso Standard Oil Co., had held the post for four years. Mr. Zemek, widely known in the insurance business, has been vice-president and served six years on the board.

Moser Lets Loose Poem on Compulsory

Henry Moser, general counsel of Allstate, who has been turning out a Christmas lament on an insurance topic ever since the S.E.U.A. decision that comprises his Christmas card message, lets loose this year under the title "A 'Compelling' Thought - With Apologies to Shakespeare" as follows:

Insure, or not insure, that is the question—
Whether 'tis nobler, by free choice, to suffer
The chance of incurring high judgments,
Or to have the state, by legislation
Say, all insure,—You must! Or else—you drive—
No more; thus by compulsion forever end
All freedom and the democratic way
We have been heir to!—'tis a consummation
Oh, never to be wished. And have—our rates—
State made!—perchance a fund!—ay, there's the rub;
Oh, let us rather bear those ills we have,
Than fly to worse, that we know so well—
Lest enterprise of great pith and moment
Thru these means, are all extinguished
And lose the right of writing.
What matters if there be a tiny gap—
If the profit formula be minus four?
So long as we Americans stay free
Somehow we'll have a Merry Christmas
and a Happy Fifty-Three...

Warren Brown El Paso Chief

Warren Brown has been elected president of El Paso (Tex.) Assn. of Insurance Agents; Lowdon Wingo, Jr., is vice-president and Bert Dycus is secretary.

Costigan Retiring, B. M. A. Realigns Its Missouri Field

R. J. Costigan, manager of the Kansas City office of Business Men's Assurance since 1931, is retiring as manager Jan. 1 and will devote his attention to personal production.

Mr. Costigan has been with B.M.A. since 1926. He started without any previous selling experience and was immediately successful. In five years he became manager at Kansas City, and he has continued to be a leading personal producer. In 1945 he served as president of International Assn. of A.&H. Underwriters. He has been a popular speaker at A.&H. meetings throughout the country.

Horace H. Mais will be named manager of the Greater Kansas City area Jan. 1. He has been with B. M. A. since 1944 and was made district supervisor at Kansas City in 1947. He was appointed district manager in 1951.

W. Guy Lane has been appointed district manager in northern Missouri. He joined B.M.A. in 1938 at Kansas City. In 1949 he moved to Cameron, Mo. He has qualified for the Grant club 13 times and for the A.&H. club every year he has been with the company.

W. G. Mais has been named central Missouri district manager. He started with B.M.A. in 1946, becoming a district supervisor in 1950. He also has had an outstanding record as a personal producer.

New York Burglary and Glass Men Elect Crossley

Burglary & Glass Insurance Assn. of New York at the December meeting elected a new slate of officers headed by Robert L. Crossley, Commercial, president. Other new officers are: Vice-presidents, Thomas P. Whelehan, Hartford Accident, and Kenneth C. Edgar, U.S.F. & G.; secretary, Ethel J. Corbett, National Bureau; assistant secretary, Marge Keegan, American Automobile; treasurer, Ray McGarrigal, American Surety, and assistant treasurer, Lucile Strickler, Maryland Casualty. The retiring president, Thomas G. Buckley, Sun Indemnity, goes on the executive committee.

Pa. Mining W. C. Rates Cut

Commissioner Leslie has approved a revision in the workmen's compensation rates affecting the coal mining industry, to be effective Jan. 1.

The new schedule reflects an 8% or 9% overall reduction. The new rates for anthracite mining indicate a reduction of approximately 9.4%; for bituminous a reduction of 7%; for surface mining a reduction of 8.4%; for culm recovering a reduction of 3.4%; and for anthracite mining occupational disease a decrease of 8.8%. An increase in the coke burning rate will amount to 25.6%. No change in rate for bituminous mining O. D. is indicated.

It is estimated that the revised rates will result in savings of approximately $373,270 to employers.

Offices at S. F. and L. A. Merged

Physical consolidation of the offices of Sayre & Toso and W. B. Brandt & Co., at Los Angeles and San Francisco has been completed. The two San Francisco offices were merged in larger and newly constructed space at 441 California Street.

The Los Angeles offices of W. B. Brandt & Co. have been moved into those of Sayre & Toso at 639 South Spring Street. Sayre & Toso recently bought W. B. Brandt & Co., which, however, will continue to operate under that name until all operations and functions are efficiently merged and coordinated over a period of time.

N.J. AFL Councils Plan to Ask State Insurance

Unless private insurance companies "relax present restrictions," President Morris Fuchs of the AFL's Essex Trades Council has announced that the trades councils plan to ask the New Jersey state government to take over the writing of all automobile insurance.

"We have had many reports," Mr. Fuchs said, "that our members or dependents are finding it difficult, if not impossible, to obtain insurance on their automobiles. Some must wait for 30 days while others cannot obtain any insurance at all."

Mr. Fuchs added that refusal by insurance companies to insure drivers under 25 seems to be the rule rather than the exception.

Chicago Casualty Managers Choose Miller President

L. F. Miller, Zurich, was elected president of Assn. of Casualty & Surety Managers of Chicago at its annual meeting. He succeeds H. B. Kiefer, Century Indemnity.

John R. Mitchell, Massachusetts Bonding, was elected vice-president; John H. Bryden, Glens Falls Indemnity, secretary-treasurer, and Kyle E. Simpson, Home Indemnity, assistant secretary.

A. C. Tabler Is New Head of Pittsburgh Surety Group

Arnold C. Tabler, Great American Indemnity, has been elected president of Surety Assn. of Pittsburgh. Other officers are: Vice-president, Logan W. Long, National Surety; treasurer, W. Earl Winski, Aetna Casualty, and secretary, John A. Palmer, American Surety.

N. Y. Surety Assn. Elects

Edward M. Brown, National Surety, was elected president of Surety Managers' Assn. of the City of New York at its annual meeting. He succeeds Rankin Martin, Standard Accident.

Edward J. Gorman, Fidelity & Deposit, is vice-president, and James F. Joyce, Providence Washington Indemnity, secretary.

Accountants Elect May

Peter H. May, vice-president and comptroller of Maryland Casualty, was elected president of Assn. of Casualty Accountants & Statisticians at the annual meeting at New York last week. Mr. May has served as vice-president for two years.

Three Kemper Men Advanced

Lumbermens Mutual Casualty and American Motorists have named as assistant secretaries L. W. Hagerup, safety engineering department, R. P. Palmer, business extension department, both of Chicago, and T. E. Andrews, San Francisco, Mr. Hagerup joined the Kemper group in 1933, Mr. Palmer in 1935, and Mr. Andrews in 1946.

ACCIDENT AND HEALTH

Big Turnout To Hear Callahan at Cincinnati

High interest in A. & H. insurance in the Cincinnati area was reflected in the December meeting of Cincinnati Assn. of A. & H. Underwriters, when more than 70 people turned out, despite a conflicting meeting of the local life underwriters' association, because of a change in date.

Tom Callahan of Time, Milwaukee, in discussing how "You Can Beat the Law of Averages," drew upon his 20 years in the business, also the experience that made him the leading producer in his company for the last five years in selling individually issued policies, and his concentration on the disability portion of the accident and health program.

• • •

He outlined and described the four ways of prospecting—direct mail, cold canvass, referred leads, and present policyholders. These, he said, come under two catagories of approach—the universal approach, or direct mail and cold canvassing; and the specific approach or referred leads and present policyholders.

He demonstrated how the law of averages can operate for a producer with an example of 616 telephone calls to prospects. Of these, contacts were made with 311, and 305 were out. A favorable response came from 60, or 20% of those with whom contacts were made. The 60 interviews netted 20 sales of individual contracts, or a ratio of three interviews for each sale.

He then summarized how to beat the law of averages, mainly by adhering to the following work habits:

Designate all work possible, except actual selling, to someone else.

Work always for apps and premiums—they are the measuring rod of success.

Study the needs of each individual. If you haven't sold him everything he needs, write a letter outlining what would complete the job. Make him aware of the shortcomings of his program before someone else does.

Know your merchandise and your competitor's merchandise. This knowledge gives authority to your representations.

Find profitable markets. If you write good prospects, you get good renewal accounts.

Conclusion: "Unless you put legs under that idea, it just ain't gonna pay off!"

• • •

The meeting was preceded by holiday cocktails made possible by F. L. Baker of Kentucky Central, W. A. Case of Inter-Ocean, William R. Dignan of William R. Dignan Associates, C. L. Gurney of Mutual Benefit H. & A., and Robert G. Myers of Massachusetts Protective.

For the second successive year, the association sponsored a Christmas party, with gifts, for under-privileged girls at the local Hillcrest school.

Enters Dread Disease Field

Western Mutual of Des Moines, on Jan. 1 will commence issuing policies covering polio and dread diseases. Until now its activities have been confined to fire insurance and certain casualty lines.

The new "dread disease" insurance will be available in two basic policies. One will protect against polio alone; the other will insure against nine dread diseases in addition to polio. In the latter, encephalitis, spinal meningitis, tetanus, cancer, diphtheria, leukemia, scarlet fever, smallpox and rabies are covered.

The contracts are available on either an individual or a family basis. They pay up to $5,000 per individual on all the diseases except cancer. Cancer coverage is limited to $1,000 up to age 60. At age 60 it drops to $500 and leukemia coverage drops to $2,500.

Cleveland A. & H. Group Elects Steiger President

W. S. Steiger, Massachusetts Indemnity, was elected president of Cleveland Assn. of A. & H. Underwriters at the annual meeting there. Mr. Steiger is second vice-president of the Ohio association, and has done a considerable amount of teaching of A. & H. in Ohio colleges and universities.

The new first vice-president is Louis C. Haas, Pacific Mutual Life. John Denhart is second vice-president, and B. L. Busfield was named secretary-treasurer.

Bureau Yearbook Printed

The 1952-53 yearbook of Bureau of A. & H. Underwriters has been printed. The new 100-page book contains a directory of member companies as of November, 1952, and a list of the entire committee structure. It also includes the constitution, a brief history of the organization and a list of all past officers as well as a listing of the dates and places of all annual meetings.

Capital Is Increased

Fidelity Interstate Casualty of Philadelphia has increased its capital from $100,000 to $250,000 by issuing 15,000 shares of $10 par value stock. This company was organized in 1951 as Fidelity Casualty and writes A. & H. and hospitalization. Samuel L. Myers is president.

Highlights of Magnuson Report on Health Financing

(CONTINUED FROM PAGE 19)

probably in part for others. This mechanism should embody the cooperative effort of local, state and federal governmental agencies including private hospitals and the health professions.

The commission considers the principal of prepayment as the most effective method of providing for health services, and examined several proposals for governmental assistance in financing them, and lists in its report the most important ones studied.

The first was a direct federal subsidy of existing prepayment plans in order to make it possible for more services to be extended without increasing premium. There was also the idea of subsidy for people unable to pay the full premium, but this would involve a means test.

Another plan was federal reinsurance of private prepayment plans to enable them to extend their services and still be protected from catastrophe loss. Each participating plan would pay into a federal insurance agency a certain proportion of its premiums and the government would then agree to meet any liability exceeding a certain maximum.

A federal health insurance corporation was suggested to sell comprehensive health service prepayment policies to groups or individuals on a voluntary basis at a premium rate varying with the income of a subscriber. The government might also put into this fund tax money to cover the premiums for those groups of the population for which is has already accepted responsibility for health service.

Another proposal, and the most controversial one, was national health insurance, which the commission said is such a hot subject that it is difficult to get an objective evaluation. "It must continue to receive study and consideration as a possible solution to the problem," the report states.

The suggestion finally put forth by the commission was the establishing of a federal-state-regional plan. In such a plan the first essential element would be for the government to declare its intent to assist in assuring the availability of personal health services to all the people, the report adds. The part of the federal government in such a plan would be to set standards for prepayment health service plans which would be used to determine the eligibility of plans to participate in a federal assistance program; to furnish information, technical guidance, statistical and actuarial consultation, and to administer loan funds for assisting in the establishment of prepayment plans which meet the standards; to allocate funds on a matching basis, graduated in proportion and need, to the states for the purchase of prepaid health service under a plan which would make such services available to all the people in the state; to arrange for the purchase of health service for employes of the federal government, whenever feasible.

Walter Reuther of the CIO in a separate statement declared that for states not participating in this plan, the federal government must make the health services available, and in the event this cannot be accomplished, then the objectives of the report should be accomplished through a national health insurance act supported by joint employe contributions and tax revenues.

Wetterlund, Watt Get Top Washington National Posts

(CONTINUED FROM PAGE 19)

the company since 1931, is in charge of industrial group operations and chairman of the group committee of the Conference.

Mr. Finley, with the company since 1937 has been assistant secretary, heading the franchise division; Messrs. Hanson and Maher rose through the ranks to become agency supervisors.

Shows What Cities Have Done

A means of reducing today's high automobile accident toll is presented in "Death at the Crossroads," an 18-page booklet published by Atlantic Mutual. In documented case histories it shows how various cities and towns have eliminated death traps in their communities.

ABOUT GIVE UP HOPE

Reinsurers Limit Liability on W.C., Write It As Accommodation Only

By KENNETH O. FORCE

Casualty reinsurers are withdrawing from the workmen's compensation field to the extent and wherever they can. The attitude pretty uniformly is that under present trends the reinsurers do not feel that they can successfully cope with it. Consequently, they are writing only as much of the business as they are competitively compelled to do. Generally reinsurers have quit writing W. C. as a separate line, writing it only when it comes with other business. Even so, the reinsurers are still asking for larger retentions by the primary insurers and are increasing rates.

• • •

It is the same old story, only more of it. With unlimited medical in 36 states, especially in California and New York, two big industrial territories, what the casualty reinsurers are doing in effect is to provide an open end, no ceiling, noncancellable A. & H. reimbursement. The effect is not unlike the effect on the A. & H. and life companies from disability and noncancellable A. & H. in the days of the depression.

Thus, primary insurers can expect the trend of higher rates and larger retentions to continue, and with them a more restrictive market.

The insurance business is in a bear trap on W. C. and will be seriously hurt before it is through with the line, in the opinion of some of the more pessimistic reinsurance people. They don't think the business has ever made any money on W. C. or that it ever will, even if the figures are black in the annual statement. They believe it is impossible to take a dollar of premiums today and deliver a dollar's worth of commodity 30 years from now simply because it is impossible to tell how much commodity can be delivered for a dollar of money at that distance in time. No other business or enterprise tries to do it, certainly not the wheat market, or steel, or anyone else.

If there were another war with its tremendous inflationary pressures, the W. C. writers would be very badly squeezed.

Some casualty reinsurers are putting a limit on the amount of W. C. liability they will assume; in other words, they are agreeing upon a retention for the insurer. This gets bigger all the time. Then they agree upon a layer of liability for reinsurance. This leaves the primary insurer the job of purchasing protection against liability above that level somewhere else, probably London Lloyds. Eventually the full effect of this practice may be to put the insurer back on the big W. C. losses.

The changes in benefits, year by year, is bad enough, but those at least can be measured. The medical cannot be.

• • •

It now seems to be a pretty general practice for the casualty reinsurer to set up reserves on the basis of a full life expectancy in connection with all permanent disability cases, up to policy limits. Thus persons with broken backs, it is assumed, will live out a full span of life, and the casualty reinsurer will pay his medical, hospital, etc. bills for that length of time in addition to the benefits called for by the law. There may be some savings on these reserves, eventually, but apparently nothing has occurred to indicate that the full life expectancy is excessive. The casualty reinsurers are not losing any of these cases. Reinsurers cannot continue to pay these losses forever out of current premiums.

It is pointed out that retentions can be raised to the point where liability coverages become, practically, catastrophe insurance. This cannot be done on workmen's compensation because of the longevity of those suffering from injuries that used to prove fatal in a short period of time. For example, formerly it was possible to put the retention above one death at $10,000 or so to cover multiple deaths, a catastrophe. However, today, it only takes a little arithmetic to see what can happen when a person is so severely injured that he has to remain in a hospital or under nurse and doctor care for the rest of his life. It costs at least $10 a day for a semi-private room in a hospital. The average nurse's fee is $10, which amount to $30 a day for three shifts, for an aggregate of $40 a day. This does not take into account doctors, medicines, treatments of various kinds, etc. Yet this daily charge only runs $14,600 a year. If the injured person lives 20 years, that is $292,000.

Though the serious and perhaps insurmountable difficulty with workmen's compensation is the unlimited medical, other things are the matter with it, things which might be characterized as sociological, rather than economic. This malaise is effectively portrayed in a discussion of the industrial noise problem by Noel S. Symons at the legal committee conference of Industrial Hygiene Foundation. Mr. Symons is chairman of the insurance law section of New York State Bar Assn., a member of the subcommittee on noise in industry of the workmen's compensation advisory committee of Associated Industries of New York State, and a member of the law firm of Brown, Kelly, Turner & Symons, Buffalo.

The whole problem of industrial noise is rapidly becoming an extremely serious one insofar as industry is concerned, he pointed out. Under W.C. laws of certain states claims have been filed and awards made for occupational deafness allegedly caused by exposure to high noise levels in industry. The problem is extremely complicated because it involves many acoustical, engineering and medical questions, as

(CONTINUED ON PAGE 34)

UNDERWRITING EQUALS SUCCESS OR FAILURE

Key to Insurer's Future in Age of Rising Inflation

By BEN D. COOKE

In measuring the place of the underwriter in modern insurance, it might be well for us first to ask ourselves: "What is an underwriter?"

I was interested to note in a recent article by Kenneth O. Force in THE NATIONAL UNDERWRITER that he points out, with respect to fire business, that "A company does not make an underwriter in three years" and that an underwriter "cannot underwrite from a book, or any other guide that he may set up." This discerning observation applies no less to casualty and marine business than it does to fire.

We are living in an assembly line, mass production age. These techniques, while admirable in the manufacture and distribution of motor cars, household appliances, and the thousand and one things that make for better and more gracious living, now seem to have been adopted by insurance companies as well.

• • •

With the enormous volume of business that flows into the mill of the large companies, it would be difficult indeed, and perhaps impossible, for them to handle it were it not for their adoption of some of the assembly line procedures. But there is a danger point to this process. That point is reached when the assembly line reaches into the underwriting department.

It would seem apparent from examining the backgrounds and accomplishments of leading American and British insurance men that an underwriter must be a man of wholly independent judgment; a man as well versed in insurance as a physician is in medicine, and like the doctor who regards "the book" as a valuable contribution to his education but not as an inflexible guide for the treatment of his immediate patient, knows that each individual kind of risk requires its own individual treatment.

First, and most importantly, the underwriter must have that sixth sense which enables him to distinguish the good from the mediocre, and the mediocre from the bad, and the judgment reasonably to be able to foretell the probable course of future events. To know at what rate and conditions it may be practical or profitable for his company to write a risk is only the beginning of underwriting, and sixth sense and judgment in these matters are not set down in any book.

The key to success or failure of an insurance company lies in its underwriters. It may have the finest of investment portfolios; it may have the best of legal counsel obtainable; its directors may be men of great talent and good conscience; but only if its underwriting is good can it become the kind of company which, out of its own inner resources, becomes greater with the passing years.

Sound underwriting must be based on time, past and future, as well as present, in addition to the nature of the risk itself. There was a time when the British farthing, like the American penny, was more than a figure of speech—when it could, by itself, actually be used for the purchase of merchandise. That time is gone.

• • •

For many hundreds of years, and more particularly in the past 100 years of the industrial age, there has been a constant trend toward greater and greater inflation of currency. Economists differ on the precise definition of this trend. Some declare that it is outright inflation, which has to be brought back to "normal" if the capitalist, or free enterprise, system is to continue. Others claim that it is a logical progression of better wages, better living, and a more healthy economy, which, though it results in greater costs, reflects a better distribution of wealth through increased purchasing power.

It is hardly within the competence

(CONTINUED ON PAGE 33)

Ben D. Cooke is shown boarding a Pan-American World Airways plane at Idlewild in New York on his return to London after a 10-day round-the-world flight via Hong Kong. On reaching London, he will have completed 250,000 miles of air travel in the past five years, averaging 1,000 miles of flying a week.

• • •

Mr. Cooke is chairman of B.D. Cooke & Partners Ltd., 154/156 Fenchurch street, London, who are underwriting managers of Dominion Ins. Co., Ltd., London; London & Edinburgh Ins. Co., Ltd., London; Anglo Saxon Ins. Assn., Ltd., London; Vanguard Ins. Co., Ltd., Australia; which group is known as the CF AU group.

Mr. Cooke is also managing director of Agency Managers Ltd., 102 Maiden Lane, New York, U. S. casualty reinsurance managers of Northern Assurance and Citizens Casualty of New York.

• • •

Agency Managers, Ltd., is an associated company of B. D. Cooke & Partners, Ltd. and C. F. & A. U., Ltd., in London, and these firms, therefore, have the unique distinction of being the only group of professional casualty underwriters in the reinsurance field operating both in London and New York.

Mr. Cooke is director of eight insurance companies and firms in different parts of the world.

Nature and Uses of Excess of Loss Treaties in Fire and Casualty

By J. A. DIEMAND, JR.,
Secretary North America Companies

(Based upon a talk before the Casualty Actuarial Society.)

Both catastrophe and spreadloss reinsurance are excess of loss reinsurance treaties.

Though their purposes are somewhat different, they are really two phases of the same thing. Therefore, in discussing the excess of loss business in its various aspects, it is necessary to start with a definition. A simple, general, accurate definition is the following:

"Excess of loss reinsurance is an agreement between insurance companies whereby the reinsurer for a consideration agrees to indemnify the reinsured for all or a part of the portion of loss, arising from all or certain classes of the reinsured's business, in excess of a first loss retention by the reinsured."

• • •

Within the generality of this definition come a variety of alternatives such as spreadloss covers, Carpenter plan covers, stop losses, annual aggregate excesses, excess of loss ratio covers and a host of other odds and ends. In every case the basic consideration is that the reinsurer indemnifies the original underwriter against loss. It is not a matter of sharing risks and premiums; it is a simple agreement under which the reinsurer agrees to pay a certain amount of money after the original underwriter has paid a certain specified amount for his own account.

While recognizing that there are different types of excess of loss reinsurance, we must not lose sight of the fact that it is all basically the same thing and above all, we must not confuse rating plans with reinsurance plans. There are 15 ways to kill a skunk without kissing it to death and there are at least as many ways for a company to pay its reinsurers for a given amount of indemnity. Whether this is some expedient such as excess limits table premiums on liability covers or a flat rate which is hammered out by negotiation between insurer and reinsurer or a pay-as-you-go system such as the spreadloss or Carpenter plan, the fact remains that for a price the reinsurer will do the job and if the price is too low, he won't.

Conversely, if the price is too high the insurer will seek another reinsurer who will give him a better price.

We make a serious mistake in ascribing supernatural powers to people who devise rates of any sort and particularly rates for excess of loss reinsurance. It is principally a matter of judgment and if experience proves that the judgment was inaccurate, adjustments must be made. Most honest engineers will admit that almost any mechanical development from aircraft engines to alarm clocks starts off on the basis of excellent theory and is then made workable only by a long application of trial and error methods to develop a usable instrument.

• • •

Having established in generality the type of reinsurance we are discussing, let us examine the methods in which it is employed.

The casualty business has long used excess of loss reinsurance on the basic coverages such as third party liability and workmen's compensation. This is well known, but it will be informative if we reconstruct the motives of the underwriters who established this pattern.

In the first place, you cannot write half of a compensation risk nor half of an auto liability policy; you deliver a policy for the entire risk. It must be very confusing to a policyholder to receive a handful of fire policies on his properties and yet receive a single policy from a single liability underwriter for a limit that far exceeds the values that have been fragmentarily accepted by a dozen fire underwriters. In any case, the casualty underwriter must issue his own policy for large limits and to avoid insanity or impoverishment by paper work, he requires an automatic facility for large limits with a minimum of detail.

Another peculiarity of the casualty business is that underwriters are more concerned with amounts of loss than with amounts of liability and take the very sensible attitude that so long as they have reasonable protection against loss, they need not concern themselves with the apportionment of liability. In most cases the casualty underwriter decides on an amount that he is willing to pay in any loss and then hires a reinsurer to worry about losses that might exceed such an amount. Contrary to his fire colleagues who have very definite views about who shall receive their loss money, he is willing to pay this same amount on account of any one of his policyholders whether it be butcher, baker, house painter or driver of the local hearse.

The third party liability business is different in one very important respect from the property insurance business. I refer to the hazard of accumulation. If conflagration sweeps a town or if a hurricane ravages several hundred miles of seacoast, the fire underwriter must answer to every policyholder that has been affected. It is true that to some extent this might apply to workmen's compensation but to a much lesser degree. Under third party liability there is usually a single policyholder who can be held responsible. In short, the liability underwriter worries about one policy at a time whereas the fire underwriter must worry about the aggregate effect of a number of policies.

• • •

There are, admittedly, exceptions to this generality and there are doubtless a number of factors that have been overlooked but these are the principal elements that have made excess of loss

(CONTINUED ON PAGE 30)

Pro Rata Treaty: Its Place in Reinsurance

By S. H. CARPEN,
Vice-President Metropolitan Fire Assurance

A pro rata treaty is not too mysterious. It is simply an agreement between two insurance companies whereby one party undertakes obligatorily and automatically to transfer to another, and the other party agrees to accept obligatorily and automatically, certain surplus risks, or portions of risks, above the ceding company's retention under certain conditions agreed to in advance. The name pro rata treaty stems from the fact that the risks and premiums ceded under its terms are just that, a pro rata part of the original policy in every respect.

• • •

A simple illustration will show why it is necessary for an insurance company to accept lines in excess of its own retention.

Let us suppose you were the president of a business establishment that had insurable property valued at $100,000. What would you say if an agent were to tell you that his company could only write a policy for $10,000 on the risk or that it would be necessary for insured to accept ten policies? You probably would be furious. But there are not too many companies whose financial position and underwriting policy would permit them to retain the full amount of $100,000. True, no doubt after some canvassing you could sell or reinsure the $90,000 surplus facultatively to nine other companies. I say nine other companies because your retention would usually establish the maximum line that any successive companies coming on the risk would accept but that method has long ago been found to be too cumbersome and expensive. Therefore, the automatic obligatory treaty method was developed and has now been in use for more than 130 years.

• • •

The pro rata treaty is a prerequisite in the development of the primary insurers, being largely responsible for the phenomenal growth of fire insurance in the last 100 years. It offers a definite advantage to the smaller company which can acquire prestige and stature by being able to offer sufficiently large enough facilities to attract suitable agents who otherwise would give the company no consideration whatsoever.

Now there must be something solid about a system that has survived through 130 years of wars, panics, conflagrations and catastrophes. The answer is that the pro rata treaty is a real partnership, based upon the utmost good faith and fostering the continuation of the individual underwriting of risks by primary insurers and the payment of a pro rata part of every loss on risks so reinsured, regardless of the size of the loss.

• • •

The pro rata treaty has a tendency to control, modify and level off the ceding company's losses and not pile them up for the catastrophe cover reinsurer, which after all must in the long run collect its commensurate premium based upon the previous experience.

Because each contracting party to a treaty has its own ideas of its requirements, very seldom are two treaty wordings identical (except where several reinsurers share in the same treaty) although the main portion of these agreements are basically similar.

The first article of the treaty usually stipulates that one party is to cede and the second party agrees to accept a specified share of the risks falling to the first or second surplus, as the case may be. It is obligatory on both parties.

Agency and intergroup reinsurance may be ceded before the surplus is determined and permission is usually given to the ceding company to carry excess of loss or catastrophe covers applying to their entire net business, but not to any single risk. Hazards, territory and exclusions are each separately described in individual articles in the treaty.

The reinsurer's liability under a first surplus treaty commences as soon as the ceding company's retention is exceeded according to its books and practices. Here is a splendid example of the

cooperation and good faith between the two parties.

If the ceding company should have knowledge of a loss before it has fixed its retention on a risk, it usually contacts its reinsurers, suggesting that it be permitted to cede the reinsurance based upon the surplus above its usual retention on a similar risk. The reinsurer has never been known to have refused permission to cede on that basis.

It is obligatory for the ceding company to have a retention on every risk ceded. This is the reinsurer's greatest protection. The ceding company is the sole judge of what constitutes one risk, fire hazard, or identical property and the same terms and conditions contained in the ceding company's policies govern the risk reinsured. This, of course, also means that the same rates of premium are payable to the reinsurer as are obtained by the ceding company. The reinsurer is compelled to follow the fortunes of the ceding company's policy in every way, including a pro rata contribution to every single loss on a risk reinsured, no matter how small the loss may be. Thus the reinsurer becomes an absolute partner in the risk. These small losses can pile up to a tremendous amount under certain conditions, such as the November, 1950, windstorm.

Reporting to reinsurers has been greatly simplified in the past few years. Most reinsurers are now satisfied to forego bordereaux if a master bordereau is kept by the ceding company or in some instances furnished only to the leading reinsurer in a 1st or 2nd surplus pool. In other instances only a quarterly run-off of the premiums by class and terms and expirations are furnished to ceding companies at each calendar quarter.

Monthly accounts show the premiums for the month and the commission due to the ceding company. Most losses are charged through the monthly account but any loss where the reinsurer's share amounts to say $1,000 or over are usually payable by special remittance upon demand made by the ceding company upon the reinsurer. Balances are usually payable within 60 to 90 days after the month to which they refer, by either party.

Loss settlements made by the ceding company are unconditionally binding upon the reinsurer. The reinsurer is also obligated to pay its pro rata share of all expenses, legal or otherwise, incurred in adjusting, resisting or investigating any claim for loss or damage on any risk reinsured by it, excepting salary changes to permanent officials other than loss adjusters and special agents adjusting losses for the ceding company. Recoveries are, of course, shared with the reinsurers pro rata.

Most reinsurers still like to receive loss paid bordereaux in detail. It at least gives them some insight into the character of the risks responsible for the losses and permits the accumulation of information required by their own catastrophe carriers.

Until relatively recently, the commission paid for treaty business was at a flat rate plus a contingent commission on the profits. But in the last ten or 15 years the sliding scale method has taken over to a considerable extent. Of course, when this latter method is used no contingent commission is involved. While the flat commission is always calculated on written premiums, sliding scale commissions and contingent commissions are always calculated on an earned premium

(CONTINUED ON PAGE 36)

Opinion Divided on Swing Plan But Use of It Is Increasing

The swing plan in casualty apparently is growing more popular in the U. S., though there are divergent views as to its practical, long time merit. Quite a number of contracts now are written on the plan.

• • •

Its purpose apparently is to provide a means of reaching an agreement between reinsurer and reinsured, one of whom would like to provide the cover at a certain amount and the other of whom would like to get it for less.

If the primary insurer's retention is $15,000, and it wants $500,000 excess of loss cover, the excess cover and premium are divided. Cover of $35,000 is provided, at a rate geared to the excess limits table. Suppose reinsured wants it at 60% of that table and reinsurer wants 70% for it. The contract for this amount is set to swing between two rates, depending upon insurer's results over the next three years. Time is allowed to prove whether reinsurer or reinsured is correct at this point on the rate for $35,000. A flat rate is charged for the additional $450,000, the "catastrophe" portion of the cover.

Some reinsurers like the swing plan; others do not. The latter believe it is not a panacea, perhaps at best only a temporary expedient. In fire, the sliding scale, with which the swing plan is sometimes compared, applies to a situation where there is a substantial volume of premiums and losses. With it, a few points of slide make a lot of difference, but the slide is apt to be small. On straight excess, particularly on catastrophe (this would apply to windstorm as well as casualty catastrophe), there is not a regular run of losses. Consequently, these reinsurers fear the swing would be far and too infrequent. There are some situations, however, they admit, where there is a big volume of reinsurance premiums and a small retention, say $5,000 on automobile liability, where it might work.

• • •

The difficulty here, under present conditions, is that the effort of reinsurers is to get retentions up. Thus they describe the swing plan as producing feast or famine, no losses for several years and then a 250% loss ratio, which is too big to collect. It is also pointed out that there are many more contracts in fire, more companies, split business.

The use of a percentage of the excess limits tables for negotiating reinsurance rates is a trend, which set in after those tables were increased some months ago. Here one reinsurer noted a curiosity, that in a few cases the reinsurer had not collected as much premium for automobile property damage liability as previously under a flat rate. This was because, whereas the flat rate was based on the bodily injury and PDL premiums, the tables are on BI. Even with the higher retentions in effect today the retention on PDL seldom gets above $25,000 (half of the BI). With the swing to the table, the reinsurer overlooks the PDL.

Reinsurance Prize Now $100

The prize offered by Sterling Offices for the best essay on reinsurance submitted during the current school year by any student enrolled in the school of insurance of Insurance Society of New York is $100. This is double the usual offer since there was no winner the last scholastic year.

Swett & Crawford Shifts

Claude C. Simms, manager at Fresno, Cal., of Swett & Crawford and for 26 years with the firm in that territory, will retire Jan. 1. Before joining Swett & Crawford as casualty special agent in the San Joaquin valley, Mr. Simms had covered the same territory for Ocean Accident. He was the "dean" of covering the California north coast. Swett & Crawford field men.

Malcolm E. Minahen, who joined Swett & Crawford in 1949, has been appointed casualty special agent in the valley to succeed Jerry Apperton, resigned.

Fire special agent in the same field will be Douglas Corbin, who has been moved to Fresno to replace Al Ryan, recently appointed fire manager of Swett & Crawford at Portland, Ore. Mr. Corbin, who joined the organization in 1948, has been fire special agent

Shipping Firm Licensed as Surplus Lines Broker

PHS. Van Ommeren Shipping, U. S. A., Inc., 52 Broadway, New York 4, N. Y. has been licensed as excess line brokers. The firm has correspondents in the London and domestic markets. Roger C. Norwood is marine manager and Arthur O. Olsen is non-marine manager. The Van Ommeren family has been active in shipping circles in the United States for 30 years.

Nature and Uses of Excess of Loss in Fire, Casualty

(CONTINUED FROM PAGE 26)

reinsurance the general rule in the casualty business:

A. The necessity of issuing single policies for large limits.

B. The inclination to carry a certain amount of loss on all policies.

C. Accumulation possible but not likely.

In the fire business there are different problems and different practices. Excess of loss reinsurance is used widely but is separated into two general categories, i.e. "working covers" and "catastrophe covers." These are general categories. It is impossible to take all the excess covers in the business and stack them neatly in two piles with appropriate labels. Some are obviously working covers and some are obviously catastrophe covers; many are a blend of the two.

To illustrate, suppose a company is convinced (and manages to convince its reinsurers) that it could not possibly lose more than $100,000 on any single risk on its books. By corollary it would take two or more risks to produce a loss exceeding $100,000—a cover in excess of this amount is accurately known as a catastrophe cover because it deals with amounts of loss beyond the ordinary underwriting control of the company. (In terms of insurance and reinsurance, a catastrophe is something that impairs your financial position, not something that happened on the front page of the newspapers. What is a catastrophe to one company may be routine to another: it is not the magnitude of an untoward event in itself but rather the impact that it creates on the surplus account of the company concerned.)

Working covers are sought by a company which must, in order to hold its position in the market, issue policies in amounts larger than it believes prudent for its net account. Traditionally, fire companies have arranged to reduce their commitments on individual risks by means of pro rata reinsurance but this is not always satisfactory because (1) it requires a lot of expensive paper-work, (2) it reduces net premium income, and (3) since the gift of prophecy has not been granted to underwriters, it often happens that they give away the risks that do not burn and keep the loss-producers for their own account.

Working covers have been devised to produce the desired effect for the underwriter so that he need only pay premiums on the business that goes sour. The most common form of working cover is the Carpenter plan or spreadloss. It is interesting to note that the names apply to the method of premium calculation; the coverage itself is a simple excess of loss arrangement and has these general qualifications:

(1) The underwriter's net loss retention in relation to his acceptance of liability is set at a level where the reinsurer will surely receive a reasonable number of losses and (2) the amount of reinsurance capacity is related to both net loss retention and net premium volume so that the reinsurer has a reasonable chance of offsetting this year's losses with next year's premiums. Given these conditions, the reinsurer pays current losses and recovers them (plus a loading) over the next several years.

Reinsurance Terms Need Changing, Sharper Definition

In a business as large and complex as insurance, subject as it is to constant changes from within and from without, the need of defining terms is continuous. The best definitions of course are written or spoken by those who work daily with the things that need defining and who are in a sense responsible for their revision and alteration under the impact of use and changing need. But periodically some one has to pause and formalize meanings, reduce them to common, acceptable terms if there is to be an easy, workable understanding of them.

• • •

One such term is commission. Here, as is often the case in confusion with meanings, the difficulty is use of the term for several purposes. A commission is what the producer—agent or broker—is paid by a primary insurer for selling the business.

A commission also is the allowance by the reinsurer to the ceding company for the latter's expenses. This could perhaps be called "allowance." In no very real sense is it a commission, since it covers such items as taxes, general overhead, the commission paid to producers, expenses of various kinds from paper clips to field men. As a flat percentage it might run from 30 to 40.

However, there is what could be called a true commission that is paid in the reinsurance field, by the reinsurer to the reinsurance broker. This is, basically, for the sale, or at least the promotion, of business, and it runs roughly from one-half of 1% to 10%.

Another term is catastrophe. The $1 million used by National Board as a standard for catastrophes is tied up with the commissioners' profit formula, allowance for catastrophes in the rate, etc. However, some primary insurers believe that the figure is too low for modern conditions and that it produces additional and unnecessary work for them and for reinsurers. At the $1 million point the primary insurer must code losses separately, and the reinsurer may call for figures to determine if the catastrophe has reached its catastrophe coverage.

Catastrophe also has been used to describe the North America giant deductible, which also has been termed on occasion reinsurance.

An analysis might be profitable of the difference between deductible and excess of loss. One question might be whether deductible is properly a reinsurance term.

There are terms which reinsurers use in their negotiations with insurers, such as gross premium—what is collected from the public; gross net premium, which would be the same thing less returned premiums and cancellations; net net premium, what the insurer keeps after returns and cancellations, etc. There are even such terms as gross net premium income and net net premium income, which serve to prove that insurance is a highly technical business.

• • •

In discussing the need of definitions, eventually the talk gets around to a definition of reinsurance itself. Perhaps more germane would be a study of why the primary insurer reinsures. This would be a discussion rather than a definition, since there are several purposes—loss protection; easing the strain created by unearned premium reserves, which is a banking function; and protection against a trend, to name a few.

It should be pointed out that these definitions are not definitive, that there are other terms which a good definition would make more useful and that a little abstract consideration of the problem would increase understanding all around.

Eric Rogers & Son, local agency at Jonesboro, Ark., has moved into the newly completed Rogers building. It was one of a number of tenants that were forced to move by fire last February.

Fire Waste Council Adds Three Promotional Sections

The advisory subcommittee of the agricultural committee of National Fire Waste Council, meeting at Chicago, appointed sections on information, publications distribution, and radio and television.

Dennis C. Smith of Home, Chicago, chairman of the agricultural committee, presided.

Insurance representatives on the information section are Harry P. Cooper, secretary of National Assn. of Mutual Companies, Indianapolis; J. G. McFarland, vice-president and western manager of American, and Edward L. Zeltner of National Board.

James R. Matthews, director of promotion of National Assn. of Insurance Agents, is with the publications distribution section, and Richard E. Vernor, manager of fire prevention for Western Actuarial Bureau, is with the section on radio and television.

Casualty Reinsurers Cautiously Optimistic

Casualty reinsurance results in 1952 are a little better, on the average, than for 1951. Though it would be easy to overestimate the improvement that has occurred, the managements of most of the casualty reinsurers are cautiously optimistic.

They are not heartened by reports of some large primary writers that the 10th month was worse than the 9th but are inclined to believe the entire year's results will show the October deterioration as temporary. The third quarter showed a marked improvement in all casualty lines except workmen's compensation. One reinsurer at least expects to show a few dollars of statutory underwriting profit for 1952, over-all, a vast improvement over its position a year ago.

Most professional reinsurers in the casualty field have increased case reserves to a currently realistic level, and they will not need to do much if any more of this at year end. Reinsurers believe they are more up-to-date on incurred but unreported claims than formerly. It now has become a standard practice for casualty reinsurers to spot check on a continuous basis the losses of primary insurers, to be sure they know approximately what is coming.

Also, casualty reinsurers again this year increased rates to accord with rising costs of claims that reach them. In the early days after the second war, when a reinsurer asked for more premiums, competition made it difficult to get them. Today, when their experience clearly indicates the need for more money, the primary insurer is not apt to respond that he will try another market, on price. This competition gradually lessened as insurers exerting it discovered that they too needed more premiums to keep up with losses. Principal competition now is provided by London Lloyds, and here the U. S. reinsurers still occasionally run into a quotation of half or two-thirds of the rate asked by domestic reinsurers.

The casualty reinsurance market is definitely tighter, and observers have wondered why Lloyds is competitive at rates which do not seem realistic to American reinsurers, especially in view of the fact that Lloyds itself has increased its rates on many lines and risks and called for larger retentions. During the year it did an unprecedented thing by publishing rate scales for the U. S. market. It is pointed out, however, that Lloyds follows the practice of taking business on the primary insurer's account of its experience and is not in a position to determine if it is up-to-date in reporting claims. After two or three years of checking cases with insurers, U. S. reinsurers believe that they are more current on experience, actual and potential.

• • •

The Pacific Coast, it should be pointed out, is undergoing a worse loss ratio than in 1951. Observers there believe that experience in that region "follows" the experience further east, much as the effects of the depression were first felt in the east and perhaps six months to a year later in the mid-west and far west.

At least one large west coast insurer has quit workmen's compensation altogether, except for a few thousand dollars of premiums a year.

Optimism is guarded because dollar losses are not much less than they were a year ago. Loss frequency for reinsurers continues to be high, and many cases involve very bad injuries so that severity is still quite serious. But even the most pessimistic agree that it is perhaps a little easier to compromise a case; that they are winning some cases that go to trial which they would not have won two years ago, and inflation has slowed down enough so that speeded up rate and retention increases could overhaul the experience. The November election may have some beneficial effects, particularly as regards inflation and generally as respects economic and social climate.

One claim man noted that it is hard today to draw a jury any of whose members do not pay an auto premium. It is quite possible that rising auto premiums are making jury members aware of the fact that they pay jury awards, along with other citizens. In one jury trial, the award was kept within reason. Here the defense attorney used the NACCA blackboard technique.

Reinsurers are pleased with the results of their practice of sending examiners into primary companies with which they have contracts, to spot check losses—and premium—files. Primary insurers admittedly are behind in many cases in the accounting reflection of their real loss situation. Apparently they are quite agreeable to having the reinsurers make the kind of examinations they do.

It is interesting to note that when reinsurers first started the checking practice, they picked up additional premiums because of the time lag in reporting premium volume to the reinsurers. However, today it happens more often that the primary companies get a credit.

The reinsurers themselves are keeping their books open until the last minute for reports of losses, in order that their picture will be as realistic and as current as possible.

• • •

The reinsurers' checking also has the purpose of seeing that changes in commission, addition of lines, etc., in the contract with the primary insurer are correctly reflected. Some of these contracts are changed in mid-term.

The checking procedure is probably not 100% complete; undoubtedly the examiners overlook losses that at the time they are making the check are actually in file, but it is a vast improvement over the situation that obtained before adoption of the practice.

• • •

Conditions have impelled the reinsurers to become more alert to losses they are apt to get, and of course they want to get them much more rapidly. They are sharper on what characterizes a potential reinsurance loss.

The automobile liability account will be close to balanced by the end of 1952 and is expected to be materially better for 1953. The casualty reinsurers hope to show some underwriting profit on this line next year. This is partly due to the fact that casualty reinsurers have been getting their house in order, in respect to rates and retentions, a process facilitated by the tighter market for automobile liability reinsurance. Another factor has been a slowing down of the inflationary spiral. On present indications it is not expected to rise materially through 1953, and it is believed by some that it can go down. Also, primary insurers' rate increases in 1952 could prove to be adequate in general if not in certain specific territories.

Consequenetly, in spite of a continuing experience on workmen's compensation that can only be described as dreadful and a poor experience for 1952 contract surety, 1953 should be the first respectable casualty reinsurance year in six or seven.

• • •

The contract surety business has been giving the reinsurers a bad time, and some of them will show a loss on the class for 1952. However, the primary insurers have been tightening up on their underwriting, and there should be real improvement as the business goes through 1953. Reinsurers say a large part of the trouble originated in the effects of the outbreak of the Korean war. At that time a lot of contracts were outstanding, based on pre-Korean price levels. When costs shot up enormously with the Korean conflict, many contractors went to the wall. Most of the losses that the reinsurers have been paying in 1951 and 1952 have been those that originated at that point and from that cause. That experience has been pretty well absorbed.

Underwriters are watching closely for the contractor who has lost money on his last job and may be tempted, therefore, to try to recoup on his next. One interesting loss the past year involved a southern contractor who forgot to allow for the possibility of ground freezing when he took a job north of the Mason-Dixon line.

• • •

One reinsurer that does a considerable amount of contract surety business was in the red in September but is in the black at year end.

There seems to be no easy answer, however, to the long term effect of large embezzlements, which is the size reinsurers get and which are becoming more frequent and larger. The primary insurers set the fidelity rates for clerks, and the president steals the bank. Rates of primary insurers are going to have to reflect this situation, reinsurers believe.

Primary insurers are tightening their underwriting. The FBI is getting tougher on examinations. Bankers are turning their attention to the problem, and there is a lot more auditing being done than there used to be. These things will help.

Underwriter Key to Future in Age of Rising Inflation

(CONTINUED FROM PAGE 25)

f an underwriter to judge between he merits of the claims of conservative nd liberal economists. It is obligatory or him, however, to take note of what s happening. Without that awareness e will surely come to grief, for the onstantly ascending escalator of wages nd prices, even though it may halt at ntervals, has a direct bearing on verything he does.

For example, it is common practice or the casualty underwriter to base is premiums on the average experience of a risk over the past five years. This practice, if used as the sole yardstick for measuring premium rate, can be as obsolescent as continuing to manufacture buggy whips, disregarding the act that the horse carriage has gone.

• • •

Any casualty underwriter who is really an underwriter knows perfectly well that many major losses incurred as a result of today's business will not be settled for another five years. If, therefore, he bases his premium on the risk xperience as far back as five years ago, he has set his rates on a time gap of up to ten years; and he has based them, not at a point the inflation escalator will probably reach five years from now, but at a point well below that, where they were about ten years previous to the time of loss statement.

All human history shows us that inflation is a continuing process. This is why I said a little while back, that ound underwriting must be based on ime, past and future, as well as on he nature of the risk. There is an old aying, that "time and tide wait for o man." To that I should add that either does inflation, nor higher jury erdicts, nor higher cost of loss settlements.

• • •

The casualty business today is facing a crisis brought about in some measure y ignoring the ten-year point-spread between premium rate and loss settlement, and perhaps even more largely y rate regulation which holds down he permissible margin for profit and ontingencies to from 2½ to 5%. This risis can be solved only by a return o sound underwriting.

There have been, and there still are, reat underwriters in many fields of nsurance both in the United Kingdom nd in the United States. One has only o mention the names of Cuthbert Heath of Lloyds, Merrick Tyler of the Excess, and Sir Arthur Morgan of the London, to know that in the British sles underwriting is a science to which ave been brought many of the great inds of Britain, unbound by shackles f the past, seeking new and greater istas for the future. In the United tates there are William D. Winter of tlantic Mutual, Hendon Chubb of hubb & Son, and Albert Ullmann, to ention only a few.

These men are underwriters, not laves of rate books or plodders in ruts f roads that lead only to the past. We ust develop more men of their stature o lead the march to a return to the ays of great underwriters of the past, n order to move ahead to the future. hough it may seem paradoxical to peak of looking to the past to plan or the future, this is not so at all if e speak of looking to the methods and he genius of those men who led in aking insurance the great industry t is today, rather than trying merely o hold fast to some of the solutions hey found for the problems they encountered along the way.

For example, a few weeks ago I was escorted through the establishment of a great casualty company in this country. It is a magnificent, modern mechanism employing all the latest and finest business equipment. The personnel are keen, intelligent, fine young men and women. I was admiring everything I saw—until I was taken into a large room where there were some ninety desks, each desk identical, and each young man behind each desk almost identical in appearance, and each with the same rate books on his desk as his neighbor.

"This" said my guide, "is our motor underwriting department."

I shall not argue whether or not this is the best possible method of handling individual motor car risks on a mass production basis. The financial statement of the company at the end of its fiscal year (five years hence), should reveal the answer to that.

What I shall take issue with, however, is that it seems to have become common practice in the underwriting field in the United States for members of a huge clerical staff, armed with rate books, to be known as "underwriters." I take issue with it because it breeds the notion that an underwriter is a rate clerk confined within the covers of his rate book as an esquimau is confined within the snow walls of his igloo.

• • •

For the young man who steps out from that group into which custom has submerged him, who develops a personality of his own, who makes it his business to familiarize himself to a reasonable extent with the economic and social patterns of his time, and who maps out from history and past experience the shape of things to come, there is a great, perhaps limitless, future in store as an underwriter. For the insurance company that encourages such a man, there lies ahead growth and prosperity, and the satisfaction of being enriched with talent and leadership in a great industry.

That is the only way I know of in which insurers can build on so solid a basis that they will surmount not only the crisis they are confronted with today, but every critical situation to come.

Relative Position of the Reinsurer Hard to Gauge

It is impossible to arrive at proper figures to show the relationship between total fire and allied line premiums and the premiums written by professional reinsurers. Such figures for 1941 and 1951 would show if there were any improvement in the relative position of reinsurers in the 10 years than formerly but the business as a whole has expanded tremendously.

However, the net premiums of stock reinsurers in 1941, compared with the total for all fire insurers that year, shows a relationship of 3.5%. For 1951 the same comparison shows a relation of 3.3%. These figures are from the Argus Fire Charts.

The trouble with the comparison is that these figures do not include London Lloyds, the pools, or reinsurance done by primary insurers.

Scofield Retiring

Sherman Scofield, southern department senior underwriter for New York Underwriters, was honored at a luncheon at New York commemorating his retirement after 52 years with the company.

Limit Liability on W. C.: Write It As Accommodation

(CONTINUED FROM PAGE 25)

well as strictly legal ones, and it is impossible to segregate and put them into separate pigeon holes.

The problem for industry is far more serious in its implications as well as in its potential cost than the silicosis problem which reared its head approximately 20 years ago. It is more serious because noise in industry is far more widespread than industrial atmospheres containing harmful concentrations of free silica, because the hazard is more difficult and undoubtedly more expensive to control, and because the pressure for expansion and broader coverage of W. C. laws is far greater today than it was 20 years ago. Though legally occupational deafness may be compensable at the present time only under the laws of a limited number of states, it is safe to opine that if the W. C. boards or commissions of a few states should start granting awards indiscriminately, there would be a demand in other states to construe, or to amend, the law to bring this type of case within its coverage.

Nationwide, the cost might run into billions of dollars and easily threaten the financial stability and security of many industries.

He urged a dispassionate and objective approach as well as a realistic one to the problem, keeping in mind the respective equities of the worker, employer, insurer and the consumer who ultimately pays the cost of all compensation awards in the price of products manufactured or services rendered.

One section of the New York law contains a special definition of disability applicable to occupational disease cases, "the state of being disabled from earning full wages at the work at which the employe was last employed." Most employers and insurers in New York probably understand this to mean that before there can be an award for an occupational disease, as distinguished from an accidental injury, there has to be an actual loss of earnings, that is, an economic loss. This concept of an actual economic loss generally is understood to be the prerequisite to awards for occupational diseases in other states.

Yet the court of appeals, the highest court in New York, in a 1948 case upheld an award for occupational deafness in the case of a hammer operator in a forge shop who had lost no time from work and who had suffered no loss of earnings. This was Slawinski vs. J. H. Williams & Co. Claimant had worked in a concededly high noise level and since he had a loss of hearing in each ear demonstrable by an audiometric examination, he was granted an award for partial loss of hearing based upon the schedule of benefits for loss of hearing caused by accidental injury.

• • •

The two principles established by this decision, typical examples of judicial law making, were that deafness whether partial or complete, if caused by work in a high noise level, may be held to be an occupational disease, and that compensation may be awarded in such a case purely for the worker's physiologic loss even though there is no economic loss, no showing of any impairment of earning capacity nor any interference with his full employability in the labor market.

The number of such claims filed in New York naturally increased substantially. A new defense was raised, that as long as the man continued to work in a high noise level the permanency of the condition could not be determined and therefore no awards were proper. The medical concept is that part of the loss of hearing may be a temporary condition known as acoustic nerve fatigue which, unlike acoustic nerve degeneration, which is permanent, disappears after the worker has removed himself from the exposure for six months to a year. The W. C. board apparently agreeing with this theory, adopted a policy of closing the cases without prejudice to the claimant's right to reopen whenever he had evidence to support his application—after there had been a substantial period away from his job.

The effect of these decisions is simply to defer consideration of the worker's claim until after he quits his job. Many feel that under the court's construction of the statute this is, pending enactment of remedial legislation to solve the entire problem in its broader aspects, the most equitable way of handling the situation, and that it is beneficial to both the worker and the employer—to the worker because it would give him his award when his need of economic assistance might be greater, and to the employer because it would prevent the acute financial shock which could result from having to liquidate immediately a substantial accrued liability in a large number of cases.

• • •

Workers sought to secure the awards immediately. They argued that perhaps a portion of the loss of hearing was permanent so that the worker could obtain an immediate award for at least this amount, leaving the balance to be determined at a future date.

The board created a limited medical study group to seek a satisfactory solution to many questions pertaining to the subject. The group has a consulting otologist from both the employe and the employer sides.

Mr. Symons set out the reasons for the extreme seriousness of this problem to industry and insurance. Up to now there are many technical engineering and medical questions to which there are no satisfactory answers. Work in some high noise levels does produce a certain degree of hearing loss. This fact alone, coupled with the presumptions contained in many W. C. statutes which support the claim unless it is rebutted by employer with substantial evidence to the contrary, together with a growing tendency toward liberality in the interpretation of such statues, could easily open the flood gates to thousands of claims with ruinous results. Too many referees or examiners in cases of this character are apt to take the position that if a worker has a hearing loss and there is any noise whatsoever in the plant where he works, nothing more is required than that he should be given an award regardless of what engineering and medical testimony the employer may offer.

It is not known what noise levels will produce occupational deafness or to what degree. The potential damaging effect of noise cannot be determined solely by measuring the intensity of the noise in terms of decibels without analyzing the noise as the various frequencies in the spectrum. To evaluate industrial noise or establish damage risk criteria it will be necessary to reduce a number of variable factors, such as intensity, frequency, the difference between transient and steady-state noise, duration of the exposure and the element of an individual susceptibility to a common base line.

• • •

Lack of agreement may lead individual states to adopt arbitrary standards which are unreasonable and unnecessarily costly. He expressed the hope that those concerned with this phase of the problem will intensify their efforts to fix some reasonable and equitable standards which can be used temporarily pending further scientific research on the subject.

He noted that perhaps one-fourth of the population has poorer hearing than it should have. There are many causes of such deafness, including toxemias, drugs, debilitating diseases etc., as well as the normal aging process which is called presbycusis. There are differences in the rates of recovery from fatigue. While the Wisconsin industrial commission has made an award for 75% of the present loss and has deferred consideration of the remaining 25% pending removal of the worker from the high noise level (Wojcik vs. Green Bay Drop Forge Co.), Mr. Symons wondered if there is sufficient clinical data to support this conclusion and if the percentage allowance for the fatigue element is adequate.

He wondered if too much emphasis is not being placed on the harmful effects of industrial noise and not enough on the ordinary noises of daily life. An automobile while being driven, a large cocktail party or a political convention may produce noises of more than 90 decibels. Over-all sound levels in present day airplanes range from 103 to 116 decibels. In Pullman cars the levels are consistently above 90, and the noise of a power lawnmower can be more than 100 decibels.

The increasing tendency to grant awards for occupational deafness is part of the trend which, if it is not checked or regulated, may be catastrophic to American industry. This observation is based on the granting of cash benefits for physiological defect

which cannot conceivably result in economic loss, and even for a social loss, to use a phrase that seems to be coming into common use in place of the more accurate legal liability concept. Many W. C. boards and commissions seem to be taking the position that compensation should be awarded in occupational disease cases for all mental and physical harms, as well as for purely social inadequacies, sustained by employes respective of whether there is any loss of earnings or impairment of earning capacity.

The whole basis of the workmen's compensation system is to provide compensation in lieu of wages or because of an impairment of earning capacity as a result of industrial injuries, and this idea is implicit in the compensation laws. This does not refer to schedule awards for loss of use of members such as arms, legs, hands, etc. caused by accident, where the legislatures authorized payment of compensation without an actual showing of impaired earning capacity because of administrative expendiency. In all other cases proof of an economic or wage loss has generally been regarded as an indispensible prerequisite.

• • •

Compensation is not payable for pain or suffering as in civil suits based on negligence. The increasing departure from this basic concept should, because of its potential economic cost, be viewed with genuine concern by American industry. If awards are to be paid for occupational deafness where there is no economic loss, it could as well be plausible to argue that industry and thereby the consumer should reward the worker for all physiological modifications and systemic imperfections which work produces in the human system such as weakening of the eye muscles due to sitting in the wrong light, decaying teeth where the employment presents a temptation to indulge in sweets, shortening of the body due to constant standing, stiffness or circulatory disturbances due to sitting, stooped posture found in doffers in the textile industry, etc., though such conditions do not interfere with the worker's ability to work, his earning capacity or his pursuit of happiness.

• • •

How could industry immediately liquidate the accrued liability which would be called for if the flood gates should suddenly be opened to an avalanche of awards for occupational deafness, Mr. Symons wanted to know. In most cases the acquired hearing loss is accumulated over a long period of years, most or much of it occurring during a time when industry was setting aside no reserves to pay the claims and the insurance companies were not collecting any premiums based upon the hazard of industrial noise. This was because no clear cut liability was specified in the laws, no court determinations gave warning of such liabilities, and no claims for such were filed during the years immediately following the enactment of occupational disease laws.

• • •

He noted a comment by Harry A. Nelson, director of W. C. of the industrial commission of Wisconsin, that "on insurance principles...with reinsurance and excess insurance provisions, the problem (of awards for occupational deafness) while troublesome should not prove too serious." Mr. Nelson compares the problem with that faced by industry in connection with silicosis claims. But Mr. Symons points out that in New York state, the much more limited silicosis problem created such acute embarrassment in the 1930s that 35,000 to 50,000 men were thrown out of employment. No plant with a serious dust exposure could get insurance nor could a self-insured protect itself by excess insurance. Practically every plant in New York with a heavy dust exposure was closed down tight. New York foundries had to send patterns to foundries outside of the state. The accrued liability had to be compromised.

Mr. Nelson's suggestion that the problem can be solved by insurance and reinsurance does not give recognition to the realities of the insurance business. Direct insurers can no more absorb the catastrophic losses which would result from a flood of occupational deafness awards than they could absorb the losses for injuries or deaths resulting from an atomic bomb attack, Mr. Symons stated. To say that insur-

---

Nine agency supervisors of *Massachusetts Protective* and Paul Revere Life attended a three-day sales seminar at the home office.

ers can readily absorb the accrued liability resulting from occupational deafness is like saying that fire insurance companies could easily absorb greater losses if insured were permitted to increase his fire insurance policy limits after a fire.

Nor can reinsurance, by any magic formula, solve the problem because excess insurance never makes the primary insurance of an obligation any cheaper nor does it in any way lessen the costs to industry. All any direct insurer can do is to distribute the burden but in so doing it has to divide its premium and give a portion of it to the reinsurer.

Some companies of course do not carry reinsurance and on top of this the ordinary reinsurance contract which is issued will not cover these cases. For the most part compensation reinsurance is written as excess over a stipulated sum, usually not less than $10,000 to $25,000 per accident, which the direct writing insurer must pay out of its own funds in the event of any one accident or occurrence. The average cost of an individual occupational deafness claim is less than the usual retention of the direct insurer and therefore reinsurance does not enter the picture. As the retention of the direct insurer is lowered this increases its premium charge for the reinsurance, which in turn means that the direct insurer has less money available for the payment of claims made against it.

• • •

Mr. Symons said he doubted if any reinsurance company would, except at prohibitive rates, knowingly assume the hazard of paying catastrophic losses for both total and partial occupational deafness. Reinsurance today in the casualty and compensation field is not profitable.

W. C. figures compiled by the New York insurance department on companies licensed in that state show that in 1951, countrywide, reinsurers sustained losses 109.7% of earned premiums. With an expense ratio of 31, the underwriting loss was 40.7% on an earned basis. Insurer figures indicate that present compensation rates do not contain loadings to permit liquidation of accured liability in thousands of cases of alleged industrial deafness. There is probably not enough information available about industrial deafness to enable actuaries to establish rates adequate to cover the hazard, and indeed credible experience data might not be available for many years.

Mr. Symons suggested that there is a grave question as to the actual insurability of any occupational disease where the law attempts to charge upon industry the burden of providing casualty benefits for physiological defects which do not impair earning capacity, such as loss of hearing.

He urged that the problem must be recognized, that organized labor is fully aware of it, and industry must face the realities of the situation.

There is much education to be done. In many states, as in Illinois, efforts undoubtedly will be made to solve the problem legislatively.

• • •

The problem could be quickly and simply solved by a clear cut amendment to W. C. laws restoring the original intent of occupational disease legislation by providing that compensation may not be paid for any disability arising from any occupational disease unless and until there is proof of disability from earning full wages at the work at which the employe was last employed.

There is also the need of medical knowledge and control, and elimination or control of the hazard under working conditions. Much research needs to be done. Finding the right solution requires the best efforts of all parties concerned, employes, employers, insurers, actuarial and rating experts, safety engineers, industrial hygienists, doctors, lawyers, legislators, W. C. boards and the courts.

Pro Rata Treaty: Its Place in Reinsurance

(CONTINUED FROM PAGE 28)

basis.

The insolvency clause is essential in treaties, unless the reinsurer has previously executed a separate so-called "supplemental agreement to comply with section 77 of the New York insurance law". This in substance makes the reinsurer liable for its full share of any losses payable to the ceding company should such ceding company, its liquidator, receiver, or statutory successor except as provided by section 315 of the New York insurance law, or to others under certain other conditions, become insolvent.

• • •

The commencement date and requirements in order to terminate are carefully set out in the treaty. Usually three to six months notice is required to be given by either party by registered letter. The treaty continues to function during the period of notice. The ceding company usually reserves the option to take back the unexpired portfolio on termination, or allow it to run off. This is an advantage to the ceding company especially in a tight reinsurance market. There are also cited in the termination clause various situations whereby the ceding company may terminate a treaty without giving the usual notice and in such instances the treaty provides for the portfolio of unearned premiums automatically to go back to the ceding company.

The unearned premium portfolio is usually calculated on a pro rata basis in this country, but in many foreign treaties a percentage of the last year's premium is used such as 40%, to save establishing the actual pro rata unearned. In these foreign treaties 40% is used because the risks are written for only one year and the unearned premium is calculated after deduction of the commission, which is usually only 20%; thus, 50% of the 80% of net in force premiums. Commission is not deducted in computing unearned premium in the U. S. In some parts of the world the system of eighths or twenty-fourths is used and might be termed an arbitrary pro rata basis.

• • •

In my opinion the greatest advantage enjoyed by the great preponderance of companies using the pro rata treaty system is the actual underwriting of each risk and establishing a proper retention.

The pro rata treaty is still by far the chief method of reinsurance the world over, particularly as it applies to the fire insurance field.

W. E. Bickel Honored

W. E. Bickel of the Bickel-Wilson Agency of Vinton, Ia., was honored at a testimonial dinner in his town by officials of Hartford Fire on the occasion of his 50th year as a Hartford agent. W. H. Birkemeier, associate western manager, and Charles Wherry, special agent at Des Moines, were hosts, and Mr. Birkemeier presented Mr. Bickel with a gold wristwatch.

Mr. Bickel moved to Vinton in 1893, and entered the insurance business with the late J. E. Marietta after his return from the Spanish American war. A younger brother, George H. Bickel, was in the agency from 1920 until his death in 1930. Mr. Bickel took over in 1937 upon the death of Mr. Marietta, and in 1949, James L. Wilson of Vinton became associated with the agency.

Carlile On Bank Committee

T. James Carlile, assistant vice-president and insurance manager of Anglo California National Bank of San Francisco, has been appointed a member of American Bankers Assn. insurance and protective committee. He is a member of the insurance committee of California chamber of commerce, National Insurance Buyers Assn. and Northern California Insurance Buyers Assn.

Are you in this picture?

You are if you're a Home agent or broker. For the advertisement above *is* a picture—in words and illustrations—of a typical Home producer and the job he does in his community.

A big picture? You bet—and a big audience. 19 million readers of national magazines will see this advertisement. They're more than just readers though, these 19 million. They're *policyholders* and *prospects*. The purpose of this campaign is to put you closer to *both*.

THIS ADVERTISEMENT WILL APPEAR IN

☆ THE HOME ☆
Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

THE HOME INDEMNITY COMPANY

Casualty Insurance • Fidelity and Surety Bonds

1853 • 1953

100th ANNIVERSARY